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# The Bankers magazine



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MONTHLY, FIVE DOLLARS PER YEAR.

HOMANS PUBLISHING COMPANY,  
251 BROADWAY, NEW YORK.

THE LONDON AGENCY of the Banker's Magazine is at the office of The Economist, 340 Strand, W. C.—American subscriptions to The Economist are received at the office of The Banker's Magazine, New York.

NEW YORK—MONTREAL.

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VOLUME FORTIETH,

OR,

VOLUME TWENTIETH OF THE THIRD SERIES.

FROM JULY, 1885, TO JUNE, 1886, INCLUSIVE.



NEW YORK:

PUBLISHED MONTHLY BY HOMANS PUBLISHING CO., No. 251 BROADWAY  
1885-1886.

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TO THE  
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OF THE  
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FROM  
JULY, 1885, TO JUNE, 1886, BOTH INCLUSIVE.

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THE

# BANKER'S MAGAZINE

AND

## Statistical Register.

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VOLUME XL.

JULY, 1885.

No. 1.

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### THE SILVER QUESTION ONCE MORE.

Two things are pretty clearly settled. First, that the people are determined to retain the gold standard of payments; secondly, that the coinage of silver dollars must stop if there be no other way of effecting this purpose. But it does not follow that many who believe the time has come for discontinuing the coinage of the silver dollar, would not continue the coinage of silver if a practical way can be found for coining what they call an honest dollar; that is, one whose market value shall correspond to that of the gold one. What they object to is, the putting of 85 or 86 cents' worth of silver into a piece of coin and then passing it as the equivalent of a gold dollar. We are obliged to take it as an equivalent, because the Government says we must, well knowing, and the Government well knowing, that this value is given to it by law and not by the voluntary action of the people. If, however, a way can be found for coining an honest silver dollar, we have no doubt that it will be adopted. Several plans have been before the public from time to time, one of which, carefully wrought out, we publish in the present number. Messrs. Warner and Sherman have also laid other plans before the public, which are doubtless familiar to our readers. These plans are evidences of the feeling above stated, that it is desirable, if possible, to retain silver in our monetary circulation. We know that some persons maintain that we can dispense with the use of silver as a circulating medium, because the quantity of gold in the world is quite sufficient to serve that purpose. A great deal might be said on that subject, but we shall

not consider it now. They inquire, "Have we not an enormous supply in the banks unemployed? Is not this evidence that we have too much circulation already and can therefore readily dispense with any more?" This, however, is a very shallow way of looking at the matter. We are living under a cloud of depression, which, doubtless, will soon pass away. When it does, this gigantic accumulation in the banks will soon be scattered over the country. It will disappear as in a night on the return of good times. We think the proposition will be generally maintained, that the body of our circulation ought to be kept at its present point. If any large addition be injurious, by inflating prices and unsettling markets, it is clearly certain that any large contraction will shrink prices and produce more disastrous results. The contraction of the currency, so long as we are on a specie-paying basis, is not to be desired, but it is equally certain that as our National indebtedness is discharged, the foundation of our bank circulation must crumble away and disappear. Indeed, even if the reduction of the debt in the future should proceed more slowly, we are not sure that the bank circulation will remain at its present height. On the other hand, the profits on bank circulation are so small that the desire to retain it is growing feebler every day. The Union National Bank of New York will probably retire its circulation, for the reason so often given, namely, that it is unprofitable. This will be the case with banks more and more in the future, especially in the larger cities. They are sure to retire it one after another, and unless the vacuum be supplied from the gold mines of this country or foreign gold, or more United States notes be issued, the circulation will, of course, diminish. Cannot, therefore, some way be found for preventing the formation of this vacuum, by the use of silver? This, we think, is a fair question which should not be ignored, as some of our economic writers, we regret to say, are now doing. We must think of the future, not merely of to-day, and we ought, it seems to us, to provide for a currency in place of the National bank notes which are now disappearing.

Beside the plans already given, we have been thinking of late whether the producers of silver themselves, and those most directly interested, could not form banking institutions and, depositing their silver with the Government for security, receive notes from it to the amount of the true market value of the deposits. Suppose the notes were issued payable in dollars, the Government in all cases agreeing to redeem them in silver at a gold valuation; so long as the people knew that they could get that quantity of silver for their notes they would not be likely to demand their redemption, any more than they do the redemption of the Government notes; and why should they? The promise of the Government would be to pay a dollar's worth of silver at a gold valua-

tion whenever demanded. The holders, therefore, having that quantity of silver in case they should demand it, would be just as well off as they would be with gold dollars, for one kind would possess as much value as the other. In other words, the holders of the notes would look to the Government for their redemption, and it, on the other hand, would require such banks to maintain adequate security. The silver producers would be better off than they are now, because they would be more assured of a permanent use of silver. As for fixing the value of the silver by a gold valuation, of course there would be no difficulty in doing that. If the value of silver continued to decline, the Government could call for more margin, so to speak, and thus always protect itself against loss. As a further security, in the event that the Government had only the exact amount of silver as represented in notes when issued, it might demand additional security to cover prospective depreciation either in the way of an additional deposit of silver or other security.

We have not nailed our flag to this plan, but merely give it to be considered with others which are now before the public. Of one thing we are certain, if a way can be found for continuing the coinage of silver on an honest basis, to the extent, at least, of making good the withdrawal of the National bank circulation, or any reasonable limit, it should be adopted. If a gold currency is better than a paper one, because possessing value independently of Governmental action, the same thing is equally true of silver. Both, or the certificates they represent, are to be preferred to paper whether issued by the banks or the Government. We are quite sure that if Congress shall undertake at the next session to find a practicable way of issuing a silver certificate representing wholly the market value of silver, that body will succeed, and this vexed silver question receive a solution that will be as honest as it will be expedient.

Elsewhere may be found the Warner plan, which has received a good deal of attention. It has friends and enemies; but in the later discussions of it, the fruit of sounder study, probably, the plan is regarded with more favor than by the earlier writers. One of the greatest objections is the making of the Government a guarantor of the value of the certificates without any consideration therefor. Perhaps there is no risk, perhaps it is certain that silver will go no lower, but surely such is not the consensus of opinion. Very likely the Government would not lose much by the operation, possibly nothing. But as a practical plan can be devised not open to this objection, why not adopt it? Another objection raised is, that no provision is made for the existing silver dollar. But that is a small matter. The Government paid only the market price for silver in the beginning, and if it should redeem the silver coinage at a gold valuation, the loss could be easily borne.



## LOW PRICES AND FAIR PRICES.

By many [it is maintained that low prices are the goal toward which we should always run. They believe that under such a condition, our country would reap unparalleled prosperity. This is one reason why they are opposed to the present industrial policy, because the tendency of it is to maintain higher prices, and they would abolish it in order to bring in that much desired era.

We are unable to assent to this doctrine that prosperity and low prices are synonymous. If they were, why are we not prospering at the present time? Certainly prices are low enough to satisfy the worst bear, and yet all know that we are not living in prosperous times. Complaints abound everywhere. Nor are these confined simply to our country. Nor are low prices popular with all classes. They doubtless are with the buyer in most cases, but not with the seller. But it so happens that every person living on this planet is a buyer and seller; he has two faces or sides to him, like the moon or a cheese; but these low-price people unfortunately never see but one. They contemplate the human race solely as buyers, and forget that they are also sellers. We cannot buy unless we sell, and if we demand a low price in purchasing, we must also expect a low price in selling. Now, this is only another way of stating the fact that prosperity is synonymous, not with low prices, but with fair ones. We are all anxious to buy at the lowest and sell at the highest, but this cannot be done. We cannot take advantage of one another, universally in that way; if we attempt this, we shall miserably fail. Perhaps as striking effect of low prices, at present, as could be mentioned, are the freight charges on our principal railroads. Some of these lines which had for years paid dividends with the utmost regularity, are on the brink of bankruptcy. Who are gainers by such a change? Certainly not that large class who depended on such roads for regular dividends. Certainly not that large class who find their wages reduced in consequence. Nor are the shippers, for they frankly say that they do not complain so much of the low rates as of the unequal ones which have been prevailing of late. Now, when a man sells a thing for less than it costs him, that loss is either taken from his capital, or, what is true in many cases, from that of the persons of whom he originally purchased; hence the enormous bankruptcies of which we hear from day to day. It is a long and doleful list. These bankruptcies mean that people have been selling without a profit and using up the capital of others besides their own. The consumer may rejoice over his cheap purchases perhaps, but he does not think that some one

else was paying a portion of this purchase for him. Perhaps he did not care, but such was the case. We do not believe that in a healthy state of society such a state of things will exist. When times are truly prosperous, people will get fair prices all around, and this is the test of truly solid civilization. If they become too low, then losses and bankruptcy arise, from which society in the end is generally the loser.

It may be mentioned in this connection that low prices are not always a good thing, or can be considered as low when they are the result of enormous combinations of capital and great manufactories and very small rewards for labor. It is a deplorable state of things when a few make all the money, and the great majority of people suffer. When we turn to our census and read of the enormous accumulation of wealth, and the comparatively small number of persons who enjoy that wealth, we are inevitably led to exclaim, there is something wrong in our civilization. Great wealth and great poverty do not harmonize. And it requires but little study to find out precisely what change has occurred in society, what has happened, whereby a few either legally or illegally, or in some cases by accident, have become enormously rich. In the case of the great factories, products are often sold low, and we are asked, "Is not this a gain to society?" But right here we must interpose. Supposing the products are sold low, the aggregate sales enormous, and the owners become immensely rich out of the enterprise, then it is certain beyond all question that they have not divided fairly with their employees. Low as their product may be to the consumer, the division of the profits has not been the best for society. The recent great fortunes testify to the unequal distribution of the wealth of the community. This thing or that thing or the other may seem to be low, but when its price is considered with relation to that obtained for other things, it is not so low; it may be, in fact, very high.

One of the reasons why these hard times continue, is the misadjustment of prices. It is true, looking at the subject in a general way, prices are more equal than they used to be. This is due to our postal facilities and telegraph. Some of the exchanges are trying to prove that this equality is due to their high-toned operations, but we are very certain that their position is erroneous. In the olden times great fortunes were made from uncertainties that do not now exist. All the business of the world is more equally on the same plane than formerly. The ocean telegraph did much to equalize prices and destroy the advantages which men formerly possessed. When we firmly get hold of the idea that we are both producers and consumers, and that we should seek to get and maintain fair prices instead of very low or very high ones, we shall be far on the way of preparing a remedy that will end the existing business depression.

## NATIONAL RAILROAD REGULATION.

There are many questions of Government and business which can be correctly answered only after thoughtful experiment. Persons live, we admit, who have remedies for all diseases, bodily and social, and are ready to administer them on every occasion. They know just how a bank or railroad ought to be run—also a church, schoolhouse, or government. When, for example, the question of re-introducing the coinage of silver was started, these wise ones knew exactly what course the Government ought to pursue; they had not a tinge of doubt; but unhappily, or otherwise, only a few persons in this world possess such prescience. The great majority have less knowledge, and must grope through the future, with hope, indeed, but never entirely released from uncertainty.

The question of railroad regulation can never be settled by the fiat or specific of any man or government. Those who say, "Let the railroads alone, let them manage their own affairs; they are the wisest, and can conduct them better than the Government," as well as those who are sure that National regulation would relieve their patrons from their troubles, in our judgment are both wrong. What may have been the wisest course for railroads in the past may not be the wisest in the future. The world of business is changing like other things. Only a few years ago the railroad managers were sure of their capacity to deal with the problem. When it was first hinted that perhaps a little National regulation might be helpful, these managers, without exception, objected. They declared that in the past they had successfully managed their corporations, if not to the satisfaction of all concerned, at least to the satisfaction of themselves, and since this could not be denied they preferred to continue in the old way, and resisted all suggestions of governmental interference. Of late, however, there has been a notable change, one manager after another changing his opinion, until we think it can be fairly said that perhaps a majority of them are desirous of having the Government undertake to some extent the regulation of railroads.

It may be remarked that the change is by no means sudden, and is the outcome of experience. In other words, the railroad managers have found out that while they could, at one period of railroad development, manage their affairs quite satisfactorily, they can do so no longer, and that some other power or assistance is necessary in order to carry it on successfully. In other words, they either impliedly or openly admit that they have failed to administer these enterprises in a manner satisfactory either to themselves or to the

public. It certainly was well, before the Government attempted the work of regulation, to permit these managers to run the length of their rope. If the Government had interfered, say, five years ago, before the managers had reached their present conclusion, then a constant complaint would have come from them, especially if public management had not, on the whole, been judicious or profitable to all concerned. They would have constantly repeated, "We are quite capable of managing our affairs; let us alone; why interfere?" But now, having done their utmost and failed, if the Government should undertake the work of supervising or regulating, it can only be said of them, in case it should fail, the managers also failed. Hence the manifest wisdom of delaying action on the part of the Government until things have reached such a crisis, that if it shall undertake the work, it will be with the consent and not with the opposition of the railroads themselves.

The last great experiment of railroad regulation was the division of earnings by agreement of the companies. The nature of this pooling arrangement need not be described. It will suffice our purpose simply to remark that Mr. Fink, of New York, was the champion of the experiment, and believed that it would be successful. It has been thoroughly tried, and the judgment is known by all. Mr. Fink himself admits that the experiment has not been successful and is now in favor of the Government attempting to do what the railroads are unable to accomplish by voluntary agreement. The experiment of forming a pool was well worth trying. It was simply a mode of dividing the profits that were made, and thus prevent competition and loss. We know of no reason why the railroads were not justified, under their charters, and in the eye of common law and by morality, in trying the experiment. At no time did they attempt to make exorbitant prices. This was not the object of the scheme, but simply to prevent the railroads from engaging in ruinous competition. In another article we shall show that such competition has no justification in a well-organized society. The pooling arrangement was, therefore, undertaken in a right spirit. The plan was broad and well conceived, and certainly a more accomplished administrator could not have been found for conducting this experiment than Mr. Fink. Having tried this and failed, the railroads are at their wits' end, so to speak, to know what to do, and how to protect themselves. Their last great card has been played, and, having lost, they turn to the Government for relief.

The Government, therefore, is in a condition to undertake this business under the most favorable conditions. The time is ripe for the experiment. To have undertaken it sooner would have been a serious mistake. If now the Government should undertake it and fail, it cannot be reproached. If it succeed, all will rejoice.

We have no doubt that Congress at the next session will enact

a law whereby the Government will undertake, to some extent, the regulation of the business of the railroads. Two bills were before the last Congress, the one going very much further than the other in the way of regulation. A commission is at present engaged in taking testimony with a view of finding out what is the best opinion on the subject and how far the Government should go. Some information has been gathered, but not very much new light has been turned on the subject. About the only fact rendered more apparent is that the circle is constantly widening of those who favor National regulation.¶¶The great question, therefore, is really not whether the Government shall regulate, but how far it shall go. In Massachusetts, and in some other States, boards of railroad commissioners have existed for many years, whose chief duty has been of an advisory character to the railroad companies. Their recommendations have been so judicious that the railroad companies have in nearly every case followed them, and to the satisfaction and advantage of the railroads and the public.

One class of persons at the present time favor the creation of a National board possessing similar powers. Others would go very much further. It would seem clear to us, after a study of the operations of the various State railroad commissions, that the safest plan is not to attempt too much in the beginning. Give the board such powers as would meet the opinions and wishes of the railroads themselves, then from time to time add to these powers as experience shall justify. Such a course would be safe. The running of these vast corporations at a loss means incalculable harm and injury to millions of people. These enterprises are too vast, and affect too many to be longer continued in jeopardy. If National regulation offers any safety to them, by regulating and controlling rates and preventing the construction of competing lines that are not needed, the remedy should be speedily applied. Let the Government act quickly and judiciously, and there is reason for hoping that the railroads and the public will both be benefited in many ways.

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## STATE BANK NOTES.

A dispatch was published in this city from Raleigh (N. C.) a few months ago, affirming that the officers of the National banks in that State would prefer to operate, and "are confident of making more money" under a State banking system than they are making at present. Their plan of issuing notes is described as a circulation of three dollars for one in coin to be held in their own vaults. It is, of course, necessary to the plan, that the law passed by Congress in March, 1885, imposing a ten per cent. annual tax on notes circulating as money, except National bank notes, should be repealed. On that point this dispatch says:

The entire delegation in Congress from this State favor the repeal of the tax on the issues of State banks, and they report the same feeling to exist among Senators and Representatives from the other Southern States.

The dispatch adds:

There is severe stringency in monetary matters in this State, and it is confidently predicted by experienced banking men that a State system would give great relief to the people and furnish all the capital needed to develop the varied resources of the State.

How much truth there may be in these positive averments as to a tendency of public sentiment in North Carolina, and in the South generally, favorable to a return to the old *ante-bellum* system of State bank issues, we do not undertake to say, but can only hope that it is not as strong as represented in this dispatch. Nevertheless, it is in vain to disguise the fact that there are powerful causes working in that direction in that section of the country. The bankers there, like bankers everywhere else, perceive the profitability of being permitted by law to create at pleasure three dollars of paper money for one of coin money, to be kept in their own vaults, and which means, in practice, the actual power of creating paper money with a coin reserve of much less than one-third. The special danger at the South is the probability that as a consequence of the scarcity of its loanable capital, there may be a popular desire for the existence of local institutions, with a power of making loans enlarged by the multiplication of bank notes. In communities where the desires of the people for more borrowing facilities, coincide with the interests of banking classes to make gains out of paper issues, it is only too possible that their combined strength will overmatch any such resistance as can be made by appealing to sound principles of finance.

It is too plain that the National Government could not aid in

giving general circulation to such bank notes as are proposed in this Raleigh dispatch, by receiving them for its revenues, or by guaranteeing their payment. Without that aid they would have only a local circulation, and with a currency like that we should have gone back to descriptions of money, varying in its discount according to the distance from the place of issue, and a good deal of it becoming from time to time utterly worthless, such as afflicted the country before the civil war.

The danger of such a retrograde step cannot be very great, but the mischief, if it should befall us, would be so deplorable that too much pains cannot be taken to guard against it. Fortunately, the immense preponderance of public opinion, taking the country as a whole, is at present on the side of sound doctrine and sound practice in the matter of the paper currency.

We have had now twenty years' practical enforcement of the doctrines that all paper money, as well as all coined money, shall be National in its authorization and regulation; that it is the duty of the Government to take care that it shall be equally good in every part of the country; and that the circulation shall not be permitted of any paper, the payment of which the Government does not itself guarantee, at least to the extent of receiving it from its own debtors. The public know that bank notes are practically money, and not mere promises to pay money; that although their circulation is theoretically voluntary, it is really forced upon everybody; and that the creation by the States of banks with the right to issue notes was an invasion of the exclusive right of Congress to coin money, which first crept in as an unobserved abuse, and did not attract attention until it had attained such proportions, and had so intertwined itself with the business of the country, that it is doubtful if it could ever have been gotten rid of except under the exigencies of the civil war. But now that we are well rid of what have been aptly described as "pestiferous State bank notes," by the excise tax imposed by Congress in March, 1865, and which the Supreme Court of the United States has, upon full argument, pronounced to be constitutional, it is inconceivable that the country will voluntarily, and with its eyes open, permit the revival of that disastrous infliction.

There is no occasion at present, and will be none for many years, to entertain any question of changing the National banking system. It is true that it rests upon the National debt, and unless some new security for National bank issues can be devised and made satisfactory to the country, it will come to an end when the debt is finally extinguished. But nearly two-thirds of it is not redeemable until 1907, and how long after that date some portion of it may actually remain unredeemed, nobody can foresee. It is true that the reduction of the debt, which is at the moment suspended by the falling off in the revenues, may be resumed, and if it is, it will cause

a tendency to the contraction of the volume of the National bank currency. But a counteracting tendency will arise from the decline in the premium on the fours as they approach the period of redeemability. Nearly two-thirds of the debt consists of the fours, of which the National banks now hold less than one sixth of the amount in existence, being disinclined to buy them on account of the high premium. It may be expected that they will by and by purchase them more freely as the premium declines.

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### FINANCIAL FACTS AND OPINIONS.

During the eleven months ending with last May, the number of immigrants arriving in this country was 343,439, as compared with 454,206 during the corresponding months of the preceding fiscal year. The number in May was 66,971, and may be presumed to have been at least equally large in June. If that presumption is confirmed by the actual figures for June, the immigration for the fiscal year just ended was 410,410, a very great number, in view of the depression of industries and wages. Bad as times are here, they are worse in Europe, and the flow of people this way, although checked, is very large. During the eleven months ending with May the Irish immigration was 44,629, a falling off only 3,349, thus proving that the Irish tendency to emigrate to the United States has lost little of its strength. The natural increase of the population of Ireland is less than 40,000, so that it is a good deal more than offset by emigration to this and other countries. If Ireland is to remain as exclusively agricultural as it now is, its condition will be improved by reducing its present population of five millions to four millions.

The net reduction of the public debt during the eleven months ending with May was 54½ million dollars. At that rate the net reduction for the whole of the fiscal year just ended will be 60 millions, or about 13 millions in excess of the sinking fund requirement. In November last Mr. McCulloch estimated that the excess above that requirement would be 39 millions. We then gave our reasons for believing that the views of Mr. McCulloch were entirely too sanguine, and we also gave reasons—which we have not since seen occasion to change—for thinking that he was equally mistaken in predicting such a revival of business this summer as would increase the revenues of the fiscal year just entered upon above those of its predecessor. When Congress reassembles in December, we think it will have become apparent that there is no surplus beyond the demands of the sinking fund, if, indeed, the revenues will be large enough to even provide for that.



The President of the Lumber Manufacturers' Association estimates that the reduction in the cut of logs in the Northwest last winter, as compared with the preceding winter, was equal to 2,000 million feet, board measure. The *Chicago Times* says, however, that even this reduction was less than the falling off in the demand, that the market is "phenomenally low," and that manufacturers have made up their minds to the situation of being obliged to pile up extraordinary quantities of lumber during the summer and fall. There seems to be scarcely any commodity in which there is not an over-production, or for which the demand is not abnormally deficient, whichever form of expressing it may be most acceptable to the reader. There may be a difference between saying that production is too large for the demand, or that the demand is not large enough for the production, but we have never been quite able to see what the difference is.

The Manchester (Eng.) *Guardian*, of May 26, states that at a meeting, within a few days previously, of the Paris Bankers' Union, at which the bimetallic question was discussed, there appeared to be an agreement that France ought to use both metals so long as Asia continues to use silver; that a new effort for an international bimetallic treaty should be made; that there was "good information" that Bismarck was friendly to it; and that England should not be asked to change her present policy of coining gold at home and silver in India, which was viewed as being as favorable to bimetallicism as if both the metals were used in both parts of the British Empire. From what sources these Parisians obtained "good information" about the intentions of Bismarck is not stated. As a rule, we can tell better what Bismarck decides to do after we see what he actually does. Publicly, he says nothing, except that he is considering the question. He has been saying for some time past that he regretted the German demonetization of silver, but to undo that work is another matter. Recent votes in the German Parliament do not indicate a disposition to undo it.

The London *Banker's Magazine* for June concludes that rates of interest have at last reached bed-rock in that money center. It declares that "when money goes begging at a-quarter to a-half per cent. per annum, we have a right to consider that the market has run down to the bottom of the scale." Loaning rates once went as low as that in Holland a good many years ago, whereupon the Dutch proceeded to amuse themselves with a speculation in tulips, from which they reaped not only amusement, but a pretty thorough depletion of their pockets.

The 79,515,527 bushels of wheat exported from this country during the eleven months ending with May, 1885, were valued at the custom houses at \$587,985 less than the 64,902,408 bushels exported during the eleven months ending with May, 1884, owing to

a fall of about twenty per cent. in the price per bushel. There was a corresponding fall in the prices of the wheat flour exported.

The *Railroad Gazette* makes up, from statistics in the office of the Commissioner for the trunk railroads to the seaboard, some very interesting tables of the movement of freight east and west during the past five years.

The freight movement eastward from the western termini of the trunk lines, including the Grand Trunk of Canada, was, in tons:

1880.	1881.	1882.	1883.	1884.
10,544,308	10,569,928	9,712,912	10,055,633	8,906,388

Of the above, the movement to the four seaboard cities, Boston, New York, Philadelphia and Baltimore, was:

1880.	1881.	1882.	1883.	1884.
9,484,286	8,258,834	5,487,677	5,637,211	5,292,580

The westward movement from the four seaboard cities (including with Boston, Providence, R. I., and several interior cities in Massachusetts) was, during the last seven years:

Years.	Tons.
1878.....	1,255,225
1879.....	1,556,053
1880.....	1,920,558
1881.....	2,157,982
1882.....	2,405,460
1883.....	2,118,766
1884.....	1,922,192

The falling off in the east-bound freights to the four railroad cities is accounted for in part by an increase in the freights to interior points in the Atlantic States, but the falling off in the total east-bound movement since 1880 and 1881 must be ascribed to the general depression and shrinkage of trade. The west-bound movement, consisting almost wholly of manufactured goods, seems to have reached its maximum as to quantities in 1882. The diminution since has been twenty per cent. in tons, and, doubtless, a good deal more than that in money valuation.

As time goes on, many things now sent East and West on these trunk roads will be sent in less quantities, or not sent at all. The West, as its population increases, will consume more and more of the food which it produces, and buy less and less of the manufactures of the East.

But with the same progress of population, there will be new products and commodities to be moved both ways on these roads.

The building of ships in Great Britain for its own use, for its colonies, and for foreign nations, amounted to 588,274 tons in 1884, a falling off of slightly more than one-third as compared with 1883, when it was 892,216 tons. But it was nearly as large as it was in 1881, when it was 608,878 tons, and a good deal larger than it was during either of the six years preceding 1881. The present year

will probably show a falling off in British shipbuilding as compared with 1884, but the advantages of Great Britain in cheap iron, cheap labor, skilled and unskilled, cheap capital, and long-established shipyards, will for an indefinite period maintain the building of iron and steel ships as one of the leading British industries.

The California exports of wheat and flour from July 1, 1884, to June 5, 1885, were equal to 32,000,000 bushels of wheat, and were expected to reach 33,500,000 bushels by the end of June, at which time the balance not shipped would be, as computed, 17,000,000 bushels. The exportable surplus of this year's crop is variously estimated at from 17,000,000 to 25,000,000 bushels, and it would seem that the State is likely to ship to foreign countries during the fiscal year just begun, as much as it did during the last year, if the prices are such as to stimulate exportation. As the wheat crop this year in Oregon and Washington is exceptionally great, the cereal shipments from the Pacific Coast will be on an important scale.

In August, 1879, the fifty-franc (\$10) notes of the Bank of France had all been withdrawn except notes amounting to between eight and nine million francs, but at the end of January, 1885, they had been again increased to 246 million francs.

Mr. Chamberlain, of the late Gladstone Ministry, said at a meeting of the Cobden Club of London, June 13, that British boots and shoes were driving American and French goods out of all neutral markets, and that in respect to clocks and watches the English manufacturers were getting the better of their United States competitors in the British colonies and elsewhere. Mr. Chamberlain may have been a little boastful, but it is certainly true that the contest for trade in foreign markets must always be a race for selling below everybody else, and that the enormous manufacturing population cooped up in Great Britain, and both able and compelled to sell goods on the basis of any rate of wages which is just above the starvation point, must be a formidable competitor with us and everybody. By all means let us have a reciprocity treaty with Canada, into which British wares must necessarily be admitted on the same terms allowed to ours, and where, with reciprocity, we can have a fair and equal contest with British manufacturers until we get tired of it.

The amounts and descriptions of United States bonds deposited for National-bank circulation, were as follows at the dates named

	1885—May 23.		1885—June 13.		1885—June 27.
6s.....	\$ 3,520,000	....	\$ 3,520,000	....	\$ 3,520,000
4½s.....	48,504,550	....	48,673,050	....	48,421,800
4s.....	117,553,550	....	117,527,800	....	117,676,300
3s.....	144,169,350	....	143,470,350	....	142,617,350
	<u>\$ 313,747,450</u>	....	<u>\$ 313,191,200</u>	....	<u>\$ 312,235,450</u>

The London *Banker's Magazine* for June says, that 1884 was a year "of altogether exceptional depression in the prices of Indian products," which statement it supports by a table comparing the prices of thirteen principal Indian staples in England, and in sterling money December, 1884, with those of December, 1883. In twelve of them there was a fall, and in some cases of more than twenty-five per cent. Cotton was the only article which showed a rise, which was from four pence per pound to four pence and a farthing. The fall in the gold price of silver per ounce in London, from December, 1883, to December, 1884, as given in the same article in the London *Banker's Magazine*, was from 50½ to 49¾ pence.

The average selling price during last March and April in the North of England of finished iron, rails, plates and angles, was £4 17s. 11d., which is 5s. 4d. below the lowest point reached during the depression from 1873 to 1879. The average price in March and April is made up by the accountant of a Board of Arbitration, from actual sales of 65,283 tons. The foreign markets of the world, of which we hear so much, are all open to free trade England, but that does not save their iron, or anything else, from a fall in prices, which is engulfing their capital and starving their labor.

Switzerland, with a population of 2,831,787, has a paper currency consisting entirely of bank notes, amounting to 129,328,000 francs, or \$25,865,600. The banks which issue notes have a specie reserve of forty-seven million francs in gold and twenty-six millions in silver. The American Minister to Switzerland reports that "the gold and silver coins of the Latin Monetary Union are everywhere received at par," but that there are no obtainable statistics as to the amount of coined money in circulation.

The *Railroad Gazette* reports that there were 667 miles of railroad built in this country from January 1 to June 19, as compared with 1,077 during the corresponding period in 1884. At this rate of reduction, the total railroad building of this year will be about 2,500 miles.

The Division of Mining Statistics at Washington reports the total value of the metals and mineral substances produced in this country during the calendar year 1884 at \$413,104,620, being a decline of \$39,100,008, as compared with 1883. As a whole, the quantities produced were greater in 1884 than in 1883, the decreased valuation being attributable to a fall in prices. The 145,221,934 pounds of coffee produced in 1884 were worth \$17,789,687, whereas the less quantity of 117,151,795 pounds produced in 1883 were worth \$18,064,807. The production of 24,089,758 barrels of petroleum in 1884 realized \$20,476,294, whereas the less production of 23,400,229, in 1883, realized \$25,740,252.

## THE HISTORY OF OUR COINAGE SINCE 1860.

After the suspension of specie payments Congress was not much concerned with the coining of money for nearly a dozen years. The weight and composition of the cent was changed; two, three and five-cent pieces were added to the list of coins; and persons were to be heavily fined or imprisoned, or both, who should make issue or pass "any coin, card, token or device whatsoever in metal or its compounds." Such a punitive measure had become needful in consequence of the large quantities of bogus devices that were circulated as substitutes for the one-cent pieces. They were of the same size as the legal cent, contained no nickel, averaged about fifty-one grains in weight, and were worth "not more than one-fifth of a cent." Not less than three hundred varieties of these false and illegal tokens or cents were made and issued during the war period.

When the law of 1857 was enacted, relating the coinage of the cent, the opinion yet prevailed that the quantity of metal contained in the piece ought to have a value approximating to the value it represented. In reducing the cent, therefore, from 168 grains to 72, its composition was changed to 88 parts of copper and 12 of nickel. As nickel was worth at that time about two dollars a pound, a cent contained nearly half that value of nickel. The director of the mint maintained that although the change was "well intended," the experience of other countries and our own showed this to be an unnecessary liberality, and that the money thus used for buying nickel was "so much money wasted."

In France a copper piece called a *sous* then circulated, weighing a little more than our cent, composed of 95 per cent. copper, and 5 per cent. of tin and zinc. He recommended that the law be so modified that the cent should contain 95 per cent. of copper, and the remainder of zinc and tin in suitable proportions. Acting on this recommendation Congress in 1864 authorized the form, weight and composition of the cent which has since that time been coined.

None of the copper coins were a legal tender until 1864, when they were endowed with this attribute to a small degree. The next year a notable improvement was made in providing for the redemption of the five-cent pieces when presented in sums not less than \$100. But why was Congress unwilling to redeem all the copper coins? In London, it was said in one of the mint reports urging a wider application of the law, that such coins could be had in large quantities at a discount by going to breweries and ale-houses for them, but the people preferred new ones, and so the mint was kept

active, and the country was overstocked. Long before, the copper currency of Brazil had become so enormous that servants who went to market had a heavy load to carry each way, copper in going and provisions on their return. In 1871 the law was broadened to cover all copper, bronze, copper-nickel and base metal coinage. By the same law the Secretary of the Treasury was authorized to discontinue or diminish from time to time the manufacture and issue of such coins.

The effort to secure uniformity of coinage with Great Britain was begun before the war, and notwithstanding that event, was continued. In his second annual report, Mr. Chase reminded Congress of the importance of establishing uniform weights, measures and coins, and recommended that the half eagle of the United States be made equal to the gold sovereign of Great Britain in weight and fineness. The Berlin International Statistical Congress, held the next year, recommended the reducing of the existing units of money to a small number; that each unit should be, as far as possible, decimally subdivided; that the coins in use should be expressed in weights of the metric system and of the same degree of fineness, namely, nine-tenths fine and one-tenth alloy. That body also recommended the holding of a special Congress which should be authorized to consider and report concerning the relative weights in the metrical system, of the gold and silver coins, and to arrange the details of the proposed system. This action led a conference in Paris in 1867, in which nineteen nations were represented.

The conference proposed a single standard of gold; coins of equal weight and diameter; of equal quality or fineness, nine-tenths fine; the weight of the existing five-franc gold piece to be the unit; the coins of each nation to bear the names and emblems preferred by it, but to be a legal tender, public and private, among all. The single gold standard was an American idea, and other countries, particularly France, assented to the adoption of it reluctantly.

The Finance Committee of the Senate strongly favored the recommendations of the conference. One of the questions considered in their interesting report was, What provisions, if any, should be made for existing contracts in the event of adopting what the conference had recommended. The committee maintained that private debts were made knowing that Congress had the power to regulate the value of coins, which had been repeatedly exercised, but in no case had "any provision been made for enforcing existing contracts in the old rather than the new standard." Such, too, had been the practice in other countries where the standard had been changed. Such, too, was the principle adopted when passing the legal-tender law. If made applicable only to future contracts, it "would have bankrupted a large portion of the active business men of the country, where business compelled them to contract debts."

With respect to public debts, the committee maintained that the loan-contract was the only law that ought to affect the creditor until his debt was fully discharged. Congress, as the authorized agent of the American people, was one party to the contract, and could no more vary it by subsequent acts than any other debtor could vary his contract. "As to the public creditor, no legislative power stands between him and the exact performance of his contract. Public faith holds the scales between him and the United States, and the penalties for a breach of this faith are far more severe and disastrous to the nation than courts, constables and sheriffs can be to the private debtor." The public debt was then so large that a reduction of three and a-half per cent. in the standard—which would have been necessary had Congress adopted the recommendation of the conference—would have reduced the public debt \$90,000,000. But neither Congress nor the country, nor the countries in the old world were fully prepared for the change.

When the attention of Congress was next fixed on the subject of coinage, a bill revising the mint laws was before that body. No revision had been made since 1838, and the Secretary of the Treasury requested Mr. Knox, the Deputy Comptroller of the Currency, to revise them. In the spring of 1870 a bill was sent to the House embodying his labors. Among the amendments proposed in the bill were the establishing of a mint bureau in the Treasury Department, which should have charge of the operations of the mints and assay offices, and the discounting of the coinage of the silver dollar. The reason given for the latter amendment in the report accompanying the bill was, that by the legal ratio existing between the two metals, the silver dollar was worth a premium of about three and a-half per cent., and consequently was no longer employed in making payments, while the gold dollar remained as the unit of account. Subsequently, the Secretary transmitted to the House copies of the correspondence of the department with public officers and other individuals, whose opinions had been solicited in preparing the bill. The bill was reported by the Finance Committee of the Senate, discussed two days and passed, and then sent to the House. Mr. Kelley, of Pennsylvania, who was chairman of the Coinage Committee, recommended the passage of the bill. He said that it had received as careful attention as he had ever known a committee to bestow on any measure. "We proceeded, with great deliberation, to go over the bill, not only section by section, but line by line, and word by word." An exhaustive discussion followed, and Mr. Hooper, of Boston, delivered an elaborate speech, in which he thoroughly explained each section. Reaching that relating to the silver dollar, he said, "This dollar, by reason of its intrinsic value being greater than its nominal value, long since ceased to be a coin of circulation, and is melted by manufacturers of silverware.

It does not circulate in commercial transactions with any country, and the convenience of these manufacturers, in this respect, can better be met by supplying small stamped bars of the same standard, avoiding the useless expense of coining the dollar for that purpose." Mr. Kelley also added, "It is impossible to retain the double standard. The values of gold and silver continually fluctuate. . . . Hence all experience has shown that you must have one standard coin which shall be a full legal tender, and then you may promote your domestic convenience by having a subsidiary coinage of silver which shall circulate in all parts of your country as legal tender for a limited amount." The bill passed the House by a vote of 110 to 13, and after further discussion and amendments by the Senate, was referred to a committee of conference whose report was adopted. Thus the measure received much more careful attention than most measures. Congress did not act blindly in discontinuing the coinage of the silver dollar. Congress merely put in legal form the previous action of the people.

In the Treasury bill a subsidiary dollar weighing 384 grains and having a limited legal-tender power was recommended. Instead of authorizing this, the bill authorized a trade dollar weighing 420 grains and possessing unlimited legal tender. It was coined at the request of merchants who were trading with China and other Eastern people, and was not intended for use in this country.

Although Congress had discontinued the coinage of the silver dollars, the legal-tender quality of those existing was not affected. None, however, had been coined since 1809, and long before the enacting of this law they had disappeared. Their demonetization came four years later in revising the statutes of the United States. The "Revision," as the new compilation was called, superseded all pre-existing general laws to which it referred. By the revision all the silver coins of the United States were declared to be a legal tender for payments not exceeding \$5. This, of course, included the silver dollar. As nothing can be taken away from nothing, it is difficult to perceive how this action of the revisers affected anything or anybody, inasmuch as no silver dollars were then in circulation and their coinage had been formally discontinued.

Hardly had the administration of the new coinage law been begun when silver, as compared with gold, fell rapidly in price. Within twelve months the quantity of silver contained in a silver dollar could be purchased for 98 cents in gold; in 1874, for four cents less; in 1876, the price had advanced to 97.2 cents, and the next year it fell to 90 cents. Such a sudden and large disturbance in the price of silver was unparalleled. As the people of this country were using for a circulating medium only United States notes and the notes of National banks, current exchanges were not affected by the fluctuating ratio between the two metals. The Government con-



tinued to receive gold at the custom houses, and to disburse it in paying the public obligations. No one felt wronged in paying or receiving it. The decline in the value of silver affected no class except the producers and those who employed it in the arts.

In March, 1875, Mr. Reagan, a member of the House, offered an amendment to a bill relating to the issue of small silver coins, declaring that the silver coins of the United States of the denomination of one dollar should be a legal tender in a payment at their nominal value for any amount not exceeding \$ 50. By this amendment the legal-tender power of the trade dollars would have been increased from five dollars to fifty. A month later the Senate amended the bill and authorized the coinage of a silver dollar nine-tenths fine, and weighing  $412\frac{1}{10}$  grains troy, and which was to be a legal tender to the amount of \$ 20 in one payment, except for duties and interest on the public debt. The profit from coining this dollar was to accrue to the Treasury. Each House passed the amendment proposed therein, and did nothing more.

The production of silver in large quantity in this country began in 1862, but finding a ready market abroad and also at home for use in the arts, the demonetization of the silver dollar occasioned no injury to any one. But when Congress determined to resume specie payments, and the value of silver declined in Europe, then the producers of silver awoke to the importance of getting the coinage law so amended as to permit the largest use of silver. If free coinage could be adopted, and the limitation on their legal-tender power be removed, a larger quantity of silver would be coined and used as money, and the value of silver would be sustained or enhanced.

A strong agitation now arose for the remonetization of silver. The statement was put forth and constantly repeated, that silver had been stealthily demonetized through the unceasing alertness of money-grasping creditors. In truth, they could have been as justly accused of filling up the Mississippi, or of removing the sands of the Desert of Sahara. For twenty years we had had two standards, not gold and silver, but gold and paper, and in most transactions persons had bought and sold by the paper standard; no one ever thought of giving or receiving silver, consequently when Congress stopped the coinage of the silver dollar and demonetized it, a kind of dollar was erased from the statute book, whose use the people had long discarded and quite forgotten.

The silver producers were joined by a powerful ally, those who were in favor of an increase in the currency and of paying the public debt in silver. In previous chapters we have shown how fiercely the resuming of specie payments was resisted from the close of the war until their consummation, and how strong was the sentiment, at times, of discharging the bonded obligations of the

Government with legal-tender notes. When specie payments were finally assumed, but the value of a silver dollar was worth considerably less than a gold one, opinion in favor of paying the bonds in silver quickly developed. It was not without strong legal foundation, as we have elsewhere shown. The silver producers, thus reinforced were strong in number, and the contest they have waged is one of the most interesting in monetary history, and of far-reaching practical consequences to the Government and to the people.

The chief argument advanced by the supporters of silver was that prices depended largely on the volume of money, and consequently silver should be employed, otherwise a grievous wrong would be inflicted on society. Senator Jones, of Nevada, was the champion of the movement for restoring the use of silver. Through his effort a monetary commission was created to investigate the subject, of which he was appointed chairman. The report of the commission is one of the most elaborate and able pleas in support of a cause ever made to Congress. It was chiefly the work of the chairman, and George M. Weston, the able secretary of the commission. Both were complete masters of the subject.

The commission remark, "It is obvious that a violent contraction in the volume of money would have been disastrous to all classes of creditors, including nations. This would be its first effect, its more immediate result. . . . Price is the expression in money terms of the relation which the unit of money bears to a specified quantity, or the unit of each and every other thing in exchange. Under a credit system where contracts, aggregating a vast amount, to pay money at future periods have been made, steadiness in prices becomes the all-important consideration, and that steadiness depends on the steadiness in the quantitative relation between money and all other things. The performance of contracts to deliver commodities or render services is not made either less or more difficult by an increase or decrease in the volume of money. But nearly all contracts in the commercial world are for the future delivery of money, and the consideration received and the promise made in such contracts are based on existing prices. The command, therefore, which commodities and services may have over money in the future, and which will find its expression in price becomes a matter of vital importance.

"Under firmly-established systems the value of each unit of either metallic or fiat money depends absolutely upon the number of such units and the relation they bear to the services they are required to perform. The purchasing power of the world's entire stock of metallic money would neither be increased nor diminished by an increase or diminution of its magnitude, if other things should at the same time remain unchanged. The value of that stock can only be

changed by an increase or diminution of the things which it is the function of money to measure. If the volume of either metallic money or accepted fiat money should be doubled at however great or little cost, other things remaining the same, the aggregate value of neither would be changed, but the value of each unit would be diminished one-half. . . It is the magnitude of that stock relative to the amount of services it is required to perform that controls the value of each unit of either metallic or fiat money."

The commission then advance a step, and consider the influence of "banking expedients"—checks, bills of exchange, and clearing-houses on prices. They maintained that when the volume of money is diminished these expedients must diminish, and prices must fall in a corresponding ratio. Money is the primary and governing force whose functions cannot be superseded by any device whatever, and whose volume or existence does not depend on banking expedients, while these expedients grow out of money and could not exist without it. The farthest extent to which they can be used is already practically reached, and they can only increase, and must decrease, as the volume of money increases or diminishes. This reasoning partially applies to the effect of credit on prices."

From the beginning to the end of their argument the commission sought to show not simply that prices were principally determined by the volume of money, but by the volume of metallic money. We have made the only reference to paper money contained in this elaborate report. The idea is ever kept before us that the volume of metallic money determines prices, while the influence of bank and Government money, and bills of exchange, bank checks and credit is carefully left quite out of sight. If it were true that prices mainly rest on a metallic foundation, then their argument would have been conclusive, for the silver portion of that foundation in some countries is so large that it cannot be removed without sinking prices, any more than the land above a mine can retain its level if all the coal and supports beneath are taken away. When Hamilton wrote in his Mint report (1791) that "to annul the use of either of the metals as money is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits or a full, with the evils of a scanty, circulation"—this state of things existed. The first United States bank had not been created; only three State banks existed, and the quantity of notes issued by them was very small. The money then in circulation consisted chiefly of gold and silver. To demonetize either metal at that time would have inevitably caused a sinking of prices and great distress. Such a step would have been criminally unwise. For forty years this was the general opinion. Said Senator Sanford, in his report in 1830: "Our system of money established in

the year 1792 fully adopts the principle that it is expedient to coin and use both metals as money, and such has always been the opinion of the people of the United States." The circulation of the country for a long period was chiefly foreign coin, and this is why it was made a legal tender and was so conspicuous in our monetary system. The question of establishing a correct ratio between gold and silver engaged the attention of men, inside and outside Congress, from the beginning, and for many years was the chief topic of discussion pertaining to the coinage.

At the time of making the Sanford report, however, some persons saw that metallic money was not the only money that influenced prices. Bank notes had come into general use, and readily circulated. The notes of the Second United States Bank especially were in high repute, and were everywhere received for their face value. These notes had the same effect on prices as the gold and silver they represented. Secretary Ingham, in his report on the Relative Value of Gold and Silver, saw this. So had John White, cashier of the Bank of the United States, at Baltimore, who had carefully studied the matter. They clearly saw that the outflow of gold was caused not so much by its wrong legal ratio to silver, as by its greater value for exportation purposes than the paper then in circulation. Silver went as well as gold. Foreigners did not want our bank notes, but would readily take our coin. Either metal was worth more to them than our bank notes, and so both fled, leaving the paper money behind. It was another illustration of the familiar fact that paper money has no wings. But, as the notes remained at par, their circulation was not checked, and prices were not affected by the outflow of the precious metals, for the volume of money remained the same or increased.

At a later period when the California and Australian gold mines were discovered, Chevalier and others in Europe favored the demonetization of gold, in order to "redress the situation." In other words they favored this change in the interest of creditors, but in Europe the proportion of metallic money to the whole amount then existing was far greater than the proportion in this country, consequently a demonetization of either gold and silver there would have caused a fearful contraction, with very costly results. But here the question was not considered, although the results, if the change had been made, would not have been so serious, because bank notes formed so large a portion of the circulating medium. If the effect of demonetizing one or the other at that time had been to weaken the superstructure of paper money, then, indeed, would the consequences have been terrific to all classes. Demonetization in Europe meant the deliberate destruction of a portion of the metallic money in order that the value of the remainder might be preserved or enhanced. Such a change at no time has

ever engaged the attention of a considerable number of persons in our country with respect to the metallic circulation.

The effect of paper money in influencing prices, and consequently in diminishing the importance of both gold and silver for monetary purposes, was clearly seen by Senator Hunter, of Virginia, in his report on a change in the coinage in 1852: "If all the pecuniary transactions of society had been settled in currency, and there had been no currency, but specie, there is reason to believe that the present state of things would give unmistakable evidences of the effects of a contraction of the currency upon our enterprise and industry. But, since the general use of bills of exchange, currency has not constituted the only means of settling pecuniary transactions; and in the middle of the seventeenth century, when banks began to be felt in commercial affairs, specie has not constituted the currency of the world; but this last has been so largely composed of paper that we cannot omit its consideration in any question connected with our standard of value. Perhaps no discovery in the whole machinery of commerce has been more important to the world than that of the bill of exchange, none which saved so much labor in its processes, none which was so efficient in keeping up some approximation between the real and the money standards of the world." . . . But this, he continued, was not "the only mode in which paper has diminished the demand for the precious metals." Bank notes had been issued, based not on the principle of having them rest on a deposit of coin for their full amount, but on the capacity of the issuers to redeem them when presented. They not only swelled the volume of money, but released the use of gold and silver for money purposes, and so caused the freer use of it in the arts. The size of the price-measure, therefore, was not diminished by this process of adding paper money and withdrawing specie. But there was only one measure, though, having a truly composite character.

During the war specie payments were suspended, and the paper standard deteriorated. But, as we have shown elsewhere, the higher prices were not merely the registration marks of depreciation. They were caused partly by the enormously increased demand for things. While the suspension lasted, a large portion of our specie went abroad because there was no use for it here. As the time drew near for resuming, it returned in payment for bonds issued in order to get it, and for products. No silver accompanied the yellow metal. When, therefore, Congress demonetized it, the event had not the remotest effect on prices, for no silver was in circulation, or formed a basis for the paper money then in use. Had not the silver become an important product, the value of which it was desirable to sustain, it is probable that the "dollar of the fathers" would have henceforth quietly rested with the fathers themselves.

Although the demonetization of money that we did not possess could have had no influence on prices, the action of Congress did have a prospective effect. Our country had become a large producer of silver, and if the coinage law had not been changed, all the silver might have been coined, its value better sustained, the volume of currency increased, prices advanced, and debt-paying, except in cases requiring gold, rendered more easy. These effects of continuing the unlimited coinage of silver were so clearly seen that the sudden growth of a party in favor of returning to the bimetallic system surprised no one familiar with the currency agitation for the fifteen years, or more, preceding.

A bill was introduced into the House, providing for the free coinage of silver in 1876. The speeches for which that formed a text were voluminous. On no financial subject in the last twenty-five years did so many small fishes talk like whales. Many speakers denounced the public creditor in severe and unreasoning terms. The matter of paying in the bonds in silver instead of gold was discussed over and over again. In truth, the question was a very narrow one, the facts were undisputed, but inconsiderate speech making was the order of the day. The bill was amended, limiting the maximum amount of coinage to \$4,000,000 a month, and establishing a minimum of half that amount. President Hayes vetoed the bill, but it was passed over his veto by both Houses. No silver, however, is coined on private account, the silver mine owners get a new outlet for their silver to the extent of the Government purchases, while it gets the profit of the difference between the market price paid for the silver and the legal price, which is realized when the silver is paid in discharge of debts. One provision of the bill related to international action for the restoration of the use of silver, but nothing has yet been accomplished.

The effects of this legislation may be briefly considered. The first effect was to enlarge the market for silver, thus aiding the silver producer. The second effect was, so far as prices have been inflated, debtors could more easily pay their debts. But what has been the effect on the value of money? It may be worth while to repeat a remark of the silver commission that if "the volume of either metallic money or accepted fiat money should be doubled at however great or little costs, other things remaining the same, the aggregate value of neither would be changed, but the value of each unit would be diminished one half." This remark approximates as closely to the truth, probably, as most economic generalizations, and if it be thus accepted, the deduction follows that the injection of silver into the body of the currency inflated it but added no value. All the labor and skill spent in bringing silver from its dark hiding places to the light, and in transporting and coining it, have gone for naught. Prices may be higher, but the aggregate value of our circulation remains the same.

It will not be questioned, however, that two classes do gain by the change, the silver producer and the private debtor. From an early period the world has not neglected the latter. If one believed many of the speeches delivered on the Bland bill, he would conclude that the fate of debtors was unceasingly hard, and that the remorseless creditor always triumphed. History teaches another lesson. In the Jewish theocracy the creditor's claim was released after seven years, and in intervals of similar length the land was allotted anew to the people. Kings of almost all ages have debased their coinage at irregular intervals, but if this was done primarily to aid themselves, private debtors were far more benefited. Statutes of limitation and bankrupt laws exist among all civilized nations as means of redressing injuries, squaring accounts, and giving the unfortunate another chance in the race. The world looks on these measures with approval, otherwise they would not stand; remembering their universal prevalence, how imperfect is the vision that discerns favorable legislation only for the strong and the rich. If the mental strabismus of such persons shall ever be corrected, they will experience a joyful surprise of the first magnitude. There was no need therefore, of enacting the silver law to aid the debtor. The circulation of the currency was expanding quite enough by additions of gold and bank notes, and by the more general use of those instruments of exchange, which have so marvelously economized the use of all kinds of money.

With respect to the payment of public debts, there was no need of increasing the currency to pay them, for the reason that they are not paid, or very slowly. The public debts of the Old World, save here and there an exception, are not paid at all, no more money consequently is needed for that purpose. On the other hand, the world's public indebtedness has been increasing in a fearful manner for a long period, and is not likely to stop with many nations until their creditor-power is exhausted; so long as this movement continues, the millions who are to receive the money thus borrowed, are to lose rather than gain by diluting the currency. The lender, not the borrower; the bondholder, not the Government contractor and workman, will continue to gain most by expanding the currency until the balance in the world's debt-account appears on the other side of the ledger, and debts are paid faster than they are made. Of such a change only two or three of the many nations give the faintest sign. Admitting, therefore, that an enlarged demand for money enhances its value, unless the quantity be increased or its movement be accelerated, as European nations do not use much in paying debts, the people need not be concerned in that regard whether the quantity be great or small. The short history of increasing the volume of money among nations is, borrowing more easily, they have contracted more than \$25,000,000,000 of debts, and are yet bor-

rowing. The prophetic genius of Burke is not required to predict with confidence what the end of this Himalaya of debt will be. In this country debt-paying has proceeded more rapidly, but the amount paid from month to month has been so small, and been retained in the Treasury so briefly, that it would be very difficult to show wherein any interest has suffered from this cause. With respect to States and cities, while they make large demands on the people in the way of taxes, the money is immediately put in banks and passes into circulation, so that no derangement whatever can be ascribed to the use of money for State or municipal purposes. Is not this argument then for increasing the volume of money, because the uses for it are multiplying and enlarging without much foundation? and are not the suffering and injury prophesied if a different policy should prevail, grounded in fear or unwillingness to deal justly by those who have trusted individuals and nations?

Many unquestionably have been injured by accepting wrong theories of money as true, particularly that inflation is synonymous with prosperity and contraction with hard times. We are now overshadowed with depression, men are losing wealth, the best enterprises languish and fail, yet the volume of money is increasing. The same thing happened after the panic in 1873. During the succeeding six years of depression additions to the currency were frequent, yet the good times so anxiously desired did not come. The wants of business did not require the restoration of the monetary function to silver; and the spring-time of prosperity would have returned as quickly if that ancient and honorable metal had been put into the hands of cunning workmen to be manufactured into myriad forms to gratify the tastes of man as by putting it into the baser melting-pot of the mint. When the people cease to live in the air in balloons and become content to walk on the firm earth of reality, and sincerely believe that true prosperity does not spring from the mysterious manipulation of stock, and other, exchanges, that excessive gains by the few are usually acquired by a corresponding loss to a larger number, and relinquish their faith in the money quackeries by which they have been so badly duped, their commercial, industrial and moral character will be as completely revolutionized as the permanent prosperity of the country will be assured.

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## WEBSTER AND FINANCE.

[ CONTINUED FROM THE JUNE NUMBER.]

We come now to speak of a measure the adoption of which was procured during the session of the Fourteenth Congress, and in the furtherance of which Webster bore a master hand. The measure referred to is known as the Specie Resolution. Of this measure and its practical results, Edward Everett has said: "It would be difficult to name a political measure, in the history of the Government, which has accomplished its design with greater simplicity and directness, and that design one of paramount importance to the country, and coming home to the business of every individual."

The state of the currency during and at the close of the war has been already referred to. It was in the worst possible condition. A multitude of issues, from as many banks, circulated through the country, and no one could tell, until he came to use his money, whether it was worth its face or was negotiable only at a discount. And this discount varied very widely as between bills from one part of the country and another. Only in New England were bank notes at a par with specie. It is very easy, from this, to understand that many difficulties would necessarily arise in regard to the making of payments in this heterogeneous currency. No one could know, for the time being, whether he was receiving pay in full for a debt or not; it would depend upon the value of his money when he came to dispose of it. Of course all trade was hampered; to transact business became an annoyance. Industries were depressed; prices tended upward.

The Constitution provides that all duties and taxes levied on the people shall be uniform. Notwithstanding this provision, however, duties and taxes were collected in the different States in the legal currency of those States. In New England it was gold and silver; in other States it was something worth from one to twenty-five per cent. less than gold and silver. So the taxes were not uniform, as provided by law; Massachusetts paid higher duties than Pennsylvania. Here was injustice of the most flagrant type. How was the matter to be remedied? It may be urged that the collectors did not do their duty; they should have enforced the law and received only legal money. Very true; but with what authority could they have maintained their position in face of facts and conditions. There was no better money to be had in the district, and the merchants and manufacturers who paid the duties and taxes were not to be blamed for conditions which they had no direct hand in framing. The collector could *demand* specie, or its equivalent, but

could he expect to receive that which did not exist? No! The only remedy to be applied with any hope of satisfactory results was that which first occurred to the deep fathoming mind of Webster, and that was legislation. The Government could reassert itself to maintain the rights of the people. The dead law could be revived by a new enactment looking to future results. The dilatoriness of Government officials could be supplemented by needful pressure from the Treasury Department.

A bill offered by Mr. Calhoun on the 25th of April, 1816, looking to the restoration of the currency, was rejected in the House of Representatives. The next day Mr. Webster introduced three resolutions having the same object in view. The first two were simply declaratory of principles, and so were withdrawn when it was found that they did not meet the approval of several gentlemen who desired to support the bill proper. The third resolution provided that the Secretary of the Treasury should adopt such measures as he might deem necessary, to cause, as soon as practicable, all sums of money due to the United States, "to be collected and paid in the legal currency of the United States, or Treasury notes, or notes of the Bank of the United States, as by law provided and declared, or in notes of banks which are payable and paid on demand, in the said legal currency of the United States." And it further declared that after the 20th of February next, ensuing, nothing else should be received in payment of public dues.

It was a matter of not a little surprise to many, even the most ardent supporters of the measure, that it accomplished its purpose so promptly and withal so effectually. Nothing remained to be desired. A complete restoration of the currency was effected, and the Government revenue was placed upon a safe basis.

By what law such a change was brought about is not easily determined. The state of the currency was certainly most deplorable, and the revenue was in a chaotic condition; and yet, a vote of Congress, a fiat of Government, and lo! order and harmony reigned once more. How is it accounted for? It is accounted for in the same way that the resumption of specie payments in 1879 is explained. Congress had been wrestling with the problem of resumption for more than ten years subsequent to the war, and found itself no nearer a solution of the vexed question at the end of the period. One bright morning it was decided to *vote* resumption at whatever cost. The date was fixed. When the day arrived the Nation resumed payments in specie, and not a ripple of excitement, or disturbance of any kind, gave indication that anything unusual was taking place. One of the most momentous questions of the time was settled without the least difficulty, and everybody exclaimed with one accord, marvelous! Of both these measures it was said, by thinking men even, "They will come to naught." And

those who favored them, and had faith in their efficiency, were surprised at the ease and completeness of the change. It is true, the reason for the thing is not as important as the fact itself, and yet, if the fact can be traced to a law, by so much is our capacity to cope with similar difficulties increased. No law has, as yet, been deduced, so far as our observation goes, although it has not escaped our notice that many *opinions* have been offered, of more or less value as such. Restoration of confidence, actual preparation for the event, a subtle feeling that, somehow, authority is potent in the accomplishment of desired ends—these, and like elements, no doubt, enter into the computation by which we seek to explain the results. And yet, what is the law?

The arguments employed by Webster in support of his resolution have been briefly alluded to. They were based upon the necessities of the situation. "As to the opinion advanced by some," says Webster, "that the object of the resolution cannot in any way be answered, that the revenues cannot be collected otherwise than as they are now, in the paper of any and every banking association, which chooses to issue paper, it cannot for a moment be admitted. This would be at once giving up the Government, for what is Government without revenue, and what is revenue that is gathered together in the varying, fluctuating, discredited, depreciated, and still falling promissory notes of two or three hundred distinct, and, as to this Government, irresponsible banking companies? If it cannot collect its revenues in a better manner than this, it must cease to be a government. This thing, therefore, is to be done; at any rate it is to be attempted. . . . It is the duty of the House to interfere with its own authority. Having taxed the people with no light hand, it is now its duty to take care that the people do not sustain these burdens in vain. The taxes are not borne without feeling. They will not be borne without complaint, if, by mismanagement in collection, their utility to Government should be lost, and they should get into the Treasury at last only in discredited and useless paper." Thus, again, the rights of the people were vindicated.

During the period of the existence of the Second Bank of the United States, the finances were generally in a sound and satisfactory condition, and the country grew and prospered. The bank was managed in an economical and business-like manner. It was a blessing to the nation. It was the agent of the Treasury, and as such administered its trusts with wisdom, honesty and despatch. However, it came to be seen in the course of time that the Government, through its chief executive, had too much power in its relations with the institution, and that the fears of Webster that such power, in some form, would, sooner or later, operate to its disadvantage, were not groundless.

General Jackson, in his first message to Congress, called attention to the fact that the bank charter would expire in 1836, and that, in its proper place, the matter would demand the attention of that body. Nothing in the message, however, gave intimation of what his position would be relative to it in case Congress should decide to renew the charter. The question of constitutionality was not apparently thought of. Something like two years later Jackson was disappointed in his attempt to control the appointment of the officers of one of the eastern branches of the bank. His efforts were resisted by the bank, and from that time it was seen that he did not look with friendly eyes upon the institution. The feeling, at first little more than apparent, at length grew into open and pronounced hostility. In the first session of the Twenty-Second Congress the subject of the renewal of the charter came up for consideration. The measure was introduced by Mr. Dallas.

It was discussed in the usual able and intelligent manner by Mr. Webster and many other friends of the measure. The institution deserved well of those in whose hands it was for further continuance. Mr. McLane, then Secretary of the Treasury, commended it in his report in the most favorable terms. The bank was popular, its credit abroad was sound, its bills on England were sought for in place of specie for remittance to India and China. Everything was favorable as far as the bank was concerned. It caused no little surprise, therefore, when Jackson vetoed the bill after it had passed both houses of Congress by large majorities.

The arguments employed by Webster in support of the bank are well worth perusal. They give out no uncertain sound. They have the ring of genuineness, and one cannot fail to see that they express the deep-seated conviction of their author, however men may choose to differ in regard to their relative importance. He begins by dealing heavy blows against the tendency which he discovers towards an irredeemable paper currency. He depicts in most elaborate phrase the evils of such a currency, and draws upon history in support of his position. "Of all the contrivances for cheating the laboring classes of mankind, none has been more effectual than that which deludes them with paper money. This is the most effectual of inventions to fertilize the rich man's field by the sweat of the poor man's brow. Ordinary tyranny, oppression, excessive taxation, these bear lightly on the happiness of the mass of the community, compared with a fraudulent currency and the robberies committed by depreciated paper. Our own history has recorded for our instruction enough, and more than enough, of the demoralizing tendency, the injustice, and the intolerable oppression on the virtuous and well disposed, of a degraded paper currency, authorized by law, or in any way countenanced by Government." He next proceeds to define the constitutional prerogative of Govern-

ment in the coinage of gold and silver. Such coinage, he maintained, is the prerogative of Government solely. Other powers and authority may, in certain cases, be delegated; this cannot. It is beyond all dictation and control in the hands of Government. He maintained that the right of Government to issue a paper substitute for gold and silver to be at least questionable. From the standpoint of expediency he would, at least, deprecate such action even upon a specie basis. But he did not hesitate to affirm that that system was iniquitous which allowed a class of institutions beyond Government control to issue that which in its excess would drive all gold and silver out of circulation, thus, in fact, superseding any efforts of Government to the contrary. This was just the position occupied by the State banks whenever Government control over paper issues was discontinued. The experiment had been tried with always the same result. During the existence of the Bank of the United States, the Government supervision of the currency was sufficient to prevent any trouble. Paper was at par with specie. Whenever the State institutions were allowed the control, specie very soon became an unknown quantity in the community. Hence, Webster argued, and rightly, that paper money should be issued only as a substitute in the channels of circulation for gold and silver, and that in order to maintain its equality with gold and silver at all times, its issue should be under Government supervision. And, furthermore, since the right of Government to issue paper money was, at least, an open question, it ought to delegate the authority necessary to an institution of its own creating under prescribed laws and regulations. This, in brief, is the argument upon this point which Webster used in support of the measure.

Then, as an institution qualified to deal in exchange, foreign and domestic, Mr. Webster saw in the bank a medium of great practical usefulness. He maintained that the producer or the shipper of produce at New Orleans, Savannah, or Charleston, in making shipment for Europe, should be able, on the spot, to cash his bill drawn against such shipment, without charge for "brokerage, guaranty or commission." Such were the conditions under the then existing bank, and the manifold benefits accruing to the business world were nowhere doubted.

It is true there was a disposition to find fault with this prerogative of the bank among a class of brokers who found their own profits, arising from a similar line of business, somewhat lessened in consequence of the regulating tendency of the bank in all matters of foreign exchange. The influence of the bank had always been in the direction of uniform low rates. This necessarily interfered with the conditions more favorable to brokers and speculators. In its influence upon inland exchange, the existence of the

bank was even more marked than upon foreign. Before the bank came into existence, three, four and five per cent. was not uncommon, as the difference of exchange between one extremity of the country and the other. At the time he was speaking, Mr. Webster said: "The vast amounts bought and sold by the bank in all parts of the country, average, perhaps, less than one-half of one per cent." "I doubt whether, in any extensive country, the rates of internal exchange ever averaged so low." He saw, also, in the then feeble state of commerce and manufacturers at the South and West, the need of just such helpful relations as the bank could afford and had afforded in the direction of loans and credit. From this standpoint, also, he could foresee many evil results if the bank charter was not extended.

The subject was discussed *pro* and *con* with considerable ardor. On the 28th of May Mr. Moore, of Alabama, offered an amendment to the original bill, proposing to restrict the establishment of any branch of the bank in any State, subject to the "consent and approbation of the State," and, furthermore, allowing the State the right to tax such institution "in like manner as other banks or other property shall be liable to taxation." This amendment called forth a vigorous rejoinder from Webster. In it he saw simply a subterfuge, an attempt to accomplish by indirection what seemed likely to miscarry by direct legislation. He maintained that the power to limit the operations of the bank by delegating to the State authority to fix the location of its branches, and the power to tax it at pleasure was equivalent to placing the institution in the hands of the States, making of it a State and not a National institution, which, he claimed, was an unconstitutional proceeding. In this address he touched upon the constitutional question briefly, having in mind, doubtless, the argument which he used with so much effect in a later speech. The Constitution nowhere authorizes by direct allusion, the creation of a National bank. "The power is derived by implication. It has been exercised, and can be exercised, only on the ground of just necessity. On this ground Congress has established this bank, and on this it is now proposed to be continued. And it has already been judicially decided that, Congress having established a bank for these purposes, the Constitution of the United States prohibits the States from taxing it."

Mr. Webster made it very plain that, as a National institution, Congress could, constitutionally, delegate to the States no authority over the bank, either as regards its location, taxation or administration. And, going one step further, he maintained that under the constitutional provision that Congress alone has authority to coin money and regulate the currency, the States had no right to create or maintain banks of issue under any circumstances. The power expressly conferred upon Congress could not be delegated or

assumed. The regulation of the currency is the prerogative of Government pure and simple. The position assumed by Webster on that occasion few will be prepared to dispute with any show of success to-day.

It has been stated that the bill for the re-charter of the bank finally passed both Houses of Congress by large majorities. From the position assumed by President Jackson, in repeatedly recommending the subject to the consideration of Congress, the feeling had gained strength that he would approve such action, and sign the bill. No little surprise was manifest, therefore, when his veto was made known. In his message accompanying the veto, Jackson defined his position in the most equivocal terms. He expressed himself in vague generalities, so much so that the most careful scrutiny of the document failed to discover the remote semblance of well-defined, well-authenticated argument. The sum and substance of the whole seemed to be that, in his judgment, the measure was unconstitutional, unnecessary, dangerous to liberty, and ill-timed. It was quite evident that he did not like the bank, and was disposed to use the power given him to defeat it.

On the 11th day of July Mr. Webster, then in the Senate, took occasion to reply to the President's veto. His argument was long full, weighty, and convincing. Argument, sarcasm and denunciation were mingled in his address in happy proportions. His reply to the President's objections to the bank as an institution of little value, injurious and ill-timed, was simply an appeal to history. The bank had a history of which, Webster said, he was not ashamed. He was willing to expose it to the full glare of public scrutiny. He did so on this occasion. He opened the record, and, as the event proved, found nothing of evil of any moment to be compared with the benefits, the far-reaching blessings, the undoubted security and strength of the institution now sorely beset. He answered in detail every insinuation of the veto message. Jackson claimed, among other things that the institution was a monopoly, and was, therefore, unjustly established. To this Webster replied by saying that the bank had, truly, exclusive privileges granted to it, but such only as had been paid for in kind. The bank was organized with certain specified obligations, already, in part, enumerated, to Government, and in consideration thereof it was endowed with a few privileges and powers not granted to other institutions. There was clearly no injustice in that. The same rule obtained in other matters, why not in this? But, after disposing of what he considered minor objections, he proceeded to examine the President's argument of unconstitutionality. He presented the matter at considerable length, but states the substance of his argument in one place so succinctly, and yet so clearly, that we cannot forbear quoting it: "Now, sir, the question of the power of Congress to create such

institutions has been contested in every manner known to our Constitution and laws. It has been discussed over and over in Congress, it has been argued and solemnly adjudged in the Supreme Court; every President, except the present, has considered it a settled question; many of the State Legislatures have instructed their Senators to vote for the bank; the tribunals of the States, in every instance, have supported its constitutionality; and, beyond all doubt and dispute, the general public opinion of the country has at all times given, and does now give, its full sanction and approbation to the exercise of this power as being a constitutional power. There has been no opinion questioning the power expressed or intimated at any time, by either House of Congress, by any President, or by any respectable judicial tribunal. Now, sir, if this practice of near forty years, if these repeated exercises of the power, if this solemn adjudication of the Supreme Court, with the concurrence and approbation of public opinion do not settle the question, how is any question ever to be settled, about which anyone may choose to raise a doubt?"

Notwithstanding all that was said in and out of Congress in denunciation of the action of Jackson in refusing to sign the bill for the continuance of the bank, he continued steadfast in his plan of opposition. And, not content with what he had already done, he set his heart to accomplish the removal of the public money from the bank where it had been kept for so many years. The charter of the bank expressly provided that the public moneys should be deposited with it, subject to removal by the Secretary of the Treasury for reasons to be submitted to Congress. During the session of 1832 Congress passed a resolution expressing confidence in the bank as a repository for the public funds. Notwithstanding this and similar expressions, Jackson was intent on accomplishing his purpose of removal. Mr. McLane, then Secretary of the Treasury, being in sympathy with the bank, refused to order the removal. He was accordingly appointed Secretary of State, to make way for Mr. Duane, who, it was expected, would execute the President's wishes.

On the 10th of September, 1833, Jackson brought the matter to the attention of his cabinet in an elaborate paper, giving his reasons and plans for the removal, and designating the 1st of October as the day when it should take place. On the 21st of September Mr. Duane signified his intention not to comply with the President's wishes. He was accordingly removed from office, and Chief Justice Taney appointed in his place. Mr. Taney at once ordered the removal, and the public moneys were placed in charge of a few State banks. The consequences which followed close upon this arbitrary act of the executive were disastrous in the extreme. As Everett has said, it was "a measure productive of more immedi-



ate distress to the community, and a larger train of evil consequences than, perhaps, any similar measure in our history." Business was universally deranged, the financial system of the country was inoperative, and one form of disaster followed another, creating general alarm. Memorials poured in upon both branches of Congress from all parts of the country, from both public and private sources, praying for relief. These memorials, as they were presented, frequently formed the subject of debate. Mr. Webster, as the friend and champion of the bank, was called upon very often to present these popular appeals and remonstrances, and on such occasions he did not fail to emphasize the evils of the situation. The burden of his appeal was always for a National bank. "I think a National bank proper and necessary. I believe it to be the only practical remedy for the evils we feel, and the only effectual security against the greater evils which we 'fear.'" Some advocated the return to a strictly specie currency as a means of softening the evils of the situation. Of this argument, Mr. Webster said, "I do not think, sir, that we will find much support in such an undertaking. A mere gold and silver currency, and the entire abolition of paper are not suited to the times. The idea has something a little too antique, too Spartan, in it; we might as well think of going back to iron at once." Again, he says, "With the enlightened writers and practical statesmen of all commercial communities in modern times, I have supposed it to be admitted that a well-regulated, properly restrained, safely limited paper currency, circulating on an adequate specie basis, was a thing to be desired, a political public advantage to be obtained."

From February to June, 1834, Mr. Webster was engaged in presenting quite continuously these memorials from different parts of the Union, and from a great variety of interests and industries. The complaint was universal of distress and disaster, and the cause was everywhere laid at the door of the President in the removal of the deposits. There was very little division of sentiment in this particular. And yet the Administration failed, or persistently refused, to recognize any connection between the prevailing distress and the removal of the deposits, but charged the bank with the authorship of the trouble, in retaliation for the supposed unlawful interference.

WM. WOODWARD.

[ TO BE CONTINUED.]



## A MONEY SYSTEM BASED ON THE COMMERCIAL VALUE OF THE PRECIOUS METALS.

THE plan here given, for continuing the use of silver as money, is by Mr. A. F. Nagle, of Chicago :

There should be only one standard of money, which may be the present gold dollar, composed of 25.8 grains of gold 900 fine.

Silver bullion, at its commercial value, based upon gold as the standard of values, should be a legal tender of money by the government.

Fractional coins to remain as under the present laws.

For convenience of public use, Congress should issue dollar notes of various denominations, in amount not to exceed the value of gold coin and bullion in its possession, payable on demand in gold coin or bullion. Said notes to be a legal tender for all public and private debts.

Congress should issue dollar notes of various denominations, not to exceed the value of silver bullion in its possession, payable on demand in silver bullion at its commercial value. Said notes to be a legal tender for all public and private debts.

Congress should provide means for the free coinage of gold and the free issue of dollar notes in exchange for gold and silver bullion at its commercial value.

The following explanation and reasons are given by Mr. Nagle in support of his plan :

That there should be but one standard of money with which to measure values in trade is not so much questioned as the practicability of placing ourselves upon such a single standard.

The objections hitherto urged against a single standard of money have arisen from a misconception of the nature of money, and the want of a correct understanding of the amount of money actually required, confounding the single *standard* in gold with the single *tender* of gold only.

If this distinction were clearly understood, it would be seen that a single standard is a necessity in order to give stability and uniformity to measurement of values, and that one, two, or more legal tenders of money might be a necessity in order to provide money enough with which to transact our business. I shall attempt to make these distinctions clear in brief arguments.

It is almost as self-evident a truth that there should be but one standard of values in trade, as that there should be but one yardstick with which to measure lengths, or one pound-weight with which to weigh merchandise.

The mere suggestion of the analogy is sufficient to force upon any mind the correctness of this principle. *Unquestionably* we should have but one measure of values. Let us adhere to this axiom at all hazards and see where it leads. Gold is chosen as that one standard because the demand for it in the arts, and the supply for it from all sources, is quite a uniform ratio; or, in other words, its price varies but little during long periods of time, thereby fitting it for a basis of comparisons.

It may sound odd to say that gold has a price as well as other metals, but it has, in precisely the same manner. To say that copper is worth ten cents a pound, and wheat eighty cents a bushel, means that men are willing to exchange eight pounds of copper for one bushel of wheat. Or if copper is selling for ten cents a pound, it means that men are exchanging ten pounds of copper for 25.8 grains of gold (25.8 grains of gold being *called* one dollar). If at another time twenty pounds of copper should be exchanged for 25.8 grains of gold, in commercial language it would be said that copper had fallen fifty per cent. in value; but it would be just as correct to say that gold had increased one hundred per cent. in value, and if these were the only two articles dealt in, it would be immaterial whether gold or copper were the standard, or basis of comparison; but the practical fact is, that of all materials used by men, the ratio of gold supply to that of its demands is quite nearly a constant figure for long periods of time, so that it is by far the best metal as the basis of comparisons, or the standard.

Let it not be imagined for a moment that government has anything to do with the proportions in which men are willing to make the above-mentioned exchanges; that proportion is determined by the law of trade (supply and demand).

If gold had not commercial value it could not be used as money. The stamp of the government is simply a guaranty of its uniformity of weight and fineness (25.8 grains of gold being *called* a dollar), nor does its use as money enhance its value one iota. Obtaining its value wholly through the law of trade, the amount available for money is only the momentary surplus, forming a sort of reservoir or storehouse, where it can be kept until wanted for articles of sale.

To illustrate further:—If gold were of no use to us in the arts, who would want it? What would it be worth? Evidently nothing. It has a value as a ring, a chain, a vase, etc., each additional application to the arts adding to its value (if the supply remains the same), and each lessening of applications reducing its value; but each single application, or use, gives it some value of its own, and if its use as money were numbered among the uses which added to its value, then it ought also to have some value if used *only* as money; but manifestly it has not. Hence we are forced to the conclusion that only its use as an article of manufacture or sale gives gold any value, and that value is governed by the law of trade.

Let me reaffirm this proposition. If the coining of gold and its consequent use as money gave it any value whatever in the same manner as forming it in the shape of a chain (and its consequent use as such gives it value), then a single legal tender of gold would be sufficient for all purposes of money, for then its value would adapt itself in a natural manner in increased value to the increased demands. In short, the supply of gold money would then come under the influence of the law of trade, and no further legislation would be necessary than to make it the sole legal tender, and provide for its free coinage. But that is not its position.

The same arguments applied to silver as were applied to gold, would prove that its value is also governed by the law of trade, and that a governmental decree, fixing its value at 15.5 to 1 of that of gold, is a mistaken pretension of wisdom and assumption of power. Government might as well decree that corn should always

be sold at one-half the price of wheat, because at one time it stood in that ratio.

The folly of such an act is very apparent, and I dare say the folly of fixing the relative value of gold and silver is just as clear, only it has not been understood how it were possible to get over the difficulty of using both metals at their market values. I will try to make it plain.

First, let me show the probable necessity of using both metals as money. Having shown that both the gold and silver available for the use of money is only the momentary surplus not yet incorporated in the arts, and consequently governed by the law of trade, it becomes necessary to show that the amount actually required, aside from what may be held in the pockets of the people is (or is dependent upon) *the value of the maximum volume of trade in transit.*

Gold and silver are, in truth, property precisely as copper, iron, and corn are property, and money may be defined as being the one universally accepted property through which all other properties are exchanged. With this definition in mind, is it not evident that the amount required must depend upon the volume of trade in transit?

An illustration of this law applied to a few articles of exchange will set forth its working as indisputably as if complicated by a great number.

To illustrate:—If A, B and C have respectively, a horse valued at \$100, a cow at \$30, and a sheep at \$5, and each of them is a buyer and seller of the property at the same time, the amount of money necessary to effect a sale and purchase is the total value of the property in transit. For example:

Before the sale:

Parties, Property,	A. Horse.		B. Cow.		C. Sheep.	
Value.....	\$100.00	..	\$30.00	..	\$5.00	Total.... \$135.00
Cash on hand.....	5.00	..	100.00	..	30.00	" .... 135.00
	<hr/>		<hr/>		<hr/>	
Total worth.....	105.00		130.00		35.00	

After the sale:

Parties, Property,	A. Sheep.		B. Horse.		C. Cow.	
Value.....	\$5.00	..	\$100.00	..	\$30.00	Total.... \$135.00
Cash on hand.....	100.00	..	30.00	..	5.00	" .... 135.00
	<hr/>		<hr/>		<hr/>	
Total worth .....	105.00		130.00		35.00	As before.

Or again, before the sale:

Parties, Property,	A. Horse.		B. Cow.		C. Sheep.	
Value.....	\$100.00	..	\$30.00	..	\$5.00	Total.... \$135.00
Cash on hand.....	30.00	..	5.00	..	100.00	" .... 135.00
	<hr/>		<hr/>		<hr/>	
Total worth.....	130.00		35.00		105.00	

After the sale:

Parties, Property,	A. Cow.		B. Sheep.		C. Horse.	
Value.....	\$30.00	..	\$5.00	..	\$100.00	Total.... \$135.00
Cash on hand.....	100.00	..	30.00	..	5.00	" .... 135.00
	<hr/>		<hr/>		<hr/>	
Total worth....	130.00		35.00		105.00	As before.

Effect the changes as we will, the total amount of money required is always the value of the volume of trade in transit.

There is, however, a credit system by which less money can be used. To illustrate:

Before the sale:

<i>Parties, Property,</i>	<i>A. Horse.</i>		<i>B. Cow.</i>		<i>C. Sheep.</i>	
Value.....	\$ 100.00	..	\$ 30.00	..	\$ 5.00	Total.... \$ 135.00
Cash on hand.....	—	..	70.00	..	25.00	" .... 95.00
	<hr/>		<hr/>		<hr/>	
Total worth.....	100.00		100.00		30.00	

After the sale:

<i>Parties, Property,</i>	<i>A. Sheep.</i>		<i>B. Horse.</i>		<i>C. Cow.</i>	
Value.....	\$ 5.00	..	\$ 100.00	..	30.00	Total.... \$ 135.00
Cash on hand.....	95.00	..	—	..	—	" .... 95.00
	<hr/>		<hr/>		<hr/>	
Total worth.....	100.00		100.00		30.00	As before.

A credit system evidently admits of less money in actual use, but it must be pure credit. Giving a note payable in thirty or more days is not the same thing; for that only postpones the day of that particular payment. But an actual debit and credit-book account is a credit system which reduces the amount of money otherwise required.

I know it is commonly held that the use of checks and drafts by banks reduces the amount of money necessary, but I do not think it does. The actual transportation of the metals is thereby avoided, it is true, but each check or draught must represent a *bona-fide* deposit of money against which it can be drawn. Total deposits by book accounts may exceed the actual money in existence, because by the system of loaning deposited moneys it may be re-deposited, and thus *appear* as a larger amount of money than exists, while it really consists of a certain amount of money and a certain amount of other property which is the security for, or representative of, the loaned money.

If bonds, notes, mortgages, and other representatives of property are credited to an account, of course the amount of money required can be reduced to that extent; but any system of checks or drafts which implies immediate cash payment must have the money in existence, although not actually in transit. However, I shall not hold to this theory with too much tenacity against the opinion of others, for it is immaterial, for the purpose of this money scheme, what the *actual* amount of money required may be, as long as it is proven that whatever the amount may be, it is dependent upon the volume of trade, which is an entirely different law from the law of supply and demand, or trade, governing prices.

We see now that there is no *natural* law to regulate the amount of money required for business uses; one metal may or may not supply enough, and hence to legalize the use of more than one may be a necessity.

When there is not money enough with which to transact our business, it occupies the *abnormal position* of being a commodity for which a price is offered. Nor is the converse true; if there is too much money, would it not be at a discount? No, there cannot be too much money!

There may be too much or too little gold or silver for present wants, and in consequence its value be depreciated or enhanced.

If used as money it is liable to such changes in value, but that is a difficulty we cannot escape. There may be too much copper or corn for present wants, precisely the same as there may be too much gold or silver for present wants; but the law of trade regulates and corrects the evil without legislation.

I know the belief exists that if silver were a legal tender at its commercial value and to any extent it might be offered, it would surely be enhanced in value like other commodities for which a greater demand occurs. But a careful study of the arguments presented ought to dispel such fears. The idea that gold and silver have value as *money* is deeply rooted in men's minds, and from that fallacious idea springs the difficulty of understanding why legalizing silver as a tender of payment does not enhance its value. In *fact*, Government gives no value to gold or silver. It simply says: as a common vehicle of exchange amid all your exchanges use gold and silver. There may be no mistake as to its purity and weight, I will stamp the gold myself, so that you may rest assured that it is what it purports to be. And for the silver I will give you a note which shall always be good for a dollar's worth of silver.

It is true that if you bring me one hundred ounces of silver to-day worth one dollar per ounce, I shall give you one hundred dollars of notes, and if to-morrow you come again with the one hundred dollars of notes, and silver in the meantime had fallen in value, so that one hundred and five ounces be required to redeem these notes, I should be short of silver to pay with; but fluctuations in value cannot be avoided by any individual doing business, and it would be no worse for the government (the entire people) to contend with the same difficulty. Were these fluctuations very violent, silver would be an undesirable metal to employ as money; but as a matter of fact, it does not vary very greatly or rapidly, hence it is practicable to use it. Exactly the same difficulty arises in the use of gold, even if it were the only metal used as money; for its value is by no means stable, but changing only slightly during long periods of time, the gains or losses thereby are distributed over long periods of time and among many people; and that is exactly, and no more, the effect of the government's issuing and redeeming its silver notes at the commercial value of the bullion, except that in the case of gold we are not conscious of the changes in value, while in the case of silver it would be known at given periods.

If it be feared that silver would become a speculative metal under this proposed system, I make answer as follows: London quotations govern the price of silver the world over, and the price does not fluctuate greatly; and when we consider that there are probably over \$6,000,000,000 of silver in coin alone in the world, besides immense amounts in the arts, and the proportionately small amount daily required for consumption, it is evident there is scarcely a pin-head of area to stand upon for a foothold for speculation.

Speculation is not without its base, even if the superstructure be very flimsy. Leaving out of mind the property whose value depends so largely upon uncertain contingencies, like railroads, mines, etc., and we turn to the great breadstuffs whose qualities are well-known, and the demand for them unavoidable and certain, we find nearly all attempts failures which have tried to make their prices speculative; and yet in these articles we are running quite close to the wind all the time between supply and demand; and while the prices fluctuate necessarily in accordance with the law of trade,



corners, or purely speculative prices, must always fail on account of the practical difficulty of getting possession or control of such large amounts from so many sources.

Now, when we turn to the figures above given of the amount of silver in stock, and the many owners thereof, and then on the other hand to the few and small consumers, I think it must be apparent that the basis for speculation in silver is very small.

Possibly it may be well for the Government, in announcing the value of silver bullion, to take an average for certain periods of time.

If I may be permitted to summarize my conclusions at the expense of repetition, I will do so for more ready reference:

1st. There can be but one standard for the measurement of values.

2d. That standard may be anything, but gold is chosen for well-known reasons.

3d. That the value of gold, like that of silver and other metals, is determined by the law of trade and not by statutory law.

4th. That the amount of gold *available* for money uses is governed by the law of trade.

5th. That the amount of money *required* is not governed by the law of trade, but by the volume of trade.

6th. Hence there is no self-regulating power to supply the amount of gold money required, and the power of government is justly exercised in providing that other metals may be used as money; but only as legal tenders at their commercial values, and never as of a standard or fixed value.

7th. That an abundance of money is a necessity and no detriment, whilst an insufficiency of money is a very great and serious evil.

The use of metals as money had their advent before the art of printing. To-day, who wants coin if a note can be obtained in its stead? We need the metals as a basis of money, but the actual metals themselves need not be exchanged at all. Should the metals be really wanted for the primary and true uses, namely, in the arts, they would always be obtainable by redeeming the notes as provided for; and for that use the bullion is just as good as the coin, and with the following advantages:

(1.) The expense of coinage would be saved.

(2.) Using the bullion instead of the coin would remove the coin from actual circulation, and thereby prevent the hoarding of the coin by the ignorant classes.

(3.) The waste by wear would be saved, which is a greater loss than the cost of maintaining a paper currency.

(4.) Counterfeiting is also more difficult with paper than with metals.

There would be secured by this system, stability, uniformity, reliability, abundance, convenience, economy, and above all, it would remove the subject from legislative halls.

The dollar notes payable on demand in gold or silver would be of unquestionable security, for each note would be a simple certificate of gold and silver in store. Such a certificate may be compared to a warehouse receipt for grain or merchandise in store. These receipts have financial value because they represent property for which they can be exchanged. To issue such a receipt beyond the amount of property in store is a *fraud*; and the existence of

a government money-note which is not representative of actual gold and silver in its possession, is no less a fraud.

That a free-coinage law should be passed is proper and just, for the reason that money being for public use, the public should bear the expense of changing gold bullion into coins; and the dollar notes should be issued free of cost to the individual for the same reason.

All redeemed notes should be destroyed.

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## BANK ARCHITECTURE.

The following article, relating to bank buildings recently erected in Philadelphia, is from *The American*, published in that city:

Perhaps the most notable of the buildings which have recently been erected in this city are those belonging to certain well-known banks and banking firms which, imbued with the spirit of the present age, have resolved to inhabit quarters more handsome than their old ones. Prominent among these are the building of Drexel & Co., on the corner of Fifth and Chestnut; that of the Independence National Bank adjoining it, the National Bank of the Republic upon the North side of Chestnut between Third and Fourth, and the Penn National Bank, at the south-west corner of Seventh and Market. These four buildings are all of palatial appearance, most substantial construction and original design, but so widely do they differ in detail that the student of architecture will in vain endeavor to find in them the rudiments of a modern style. The Drexel building adheres most closely to familiar forms. Externally, it is a comparatively unadorned structure, divided into two stories by as many tiers of columns. At the angles are narrow pavilions crowned with pediments; in front is a slightly projecting portico, supported by polished granite columns, and surmounted by a wide semicircular window, and along the side are ranged coupled columns separated by immense semicircular-headed windows. The material is white marble, which, in the interest of good taste, is left unpolished. Internally, the greater part of the structure (which stands upon a lot 105 feet long by 55 feet 8 inches wide) is one great hall, lighted entirely from one side and one end—the ceiling being throughout of arches of glazed brick. The greatest fault of the structure, from an artistic standpoint, is the discrepancy between the outside and the inside. From the time when architects began to study the ruins of the Acropolis until now, the world has been favored with any number of Greek pseudo temples, in which an order of one story has masked two or more internal stories. The Drexel building reverses this. The grand hall asked for a grand order around its exterior, but was accommodated with two little orders, rendered more incongruous by the gigantic cathedral-like windows which separate the columns. It cannot be said that the interior is classical. The huge girders, boxed in fantastic casings, which cross the hall, are *sui generis*.

The adjoining building is in every way a contrast to the Drexel Bank, and was evidently intended so to be. The narrow façade is everywhere covered with carving, excellent in its kind, but losing all prominence through its universality. Sweet woman-busts with



scale-covered breasts die into the trusses of the doorway: flowers and foliage cling alike to pier, column, arch, cornice, spandrel and panel. There is no plain spot upon which the eye can rest itself, save by taking refuge upon the adjoining buildings. As an example of the carver's art it is a great success, but it is altogether too toy-like to be architectural. The interior, like that of its neighbor, is one large hall, which is long and narrow, and lighted from the top. Adorned only with two carved bands and some moldings, and well lighted, this hall is much more chaste than the over-ornate exterior would lead one to expect. The warm cream-color of the Indiana sandstone of which this structure is built, is greatly in its favor—there is no question that its appearance is far superior to that of marble.

The National Bank of the Republic is of red brick with dressings of red stone. It is an odd building—no one ever saw the like—but it has the oddity of genius. Something in its chateau-like round turret, its stepped parapets, and its fantastic corbeling suggests the age when the pointed arch commenced to give way before the inroads of the revival, and suggests also that its nearest allies may be found in North-western Europe, but the combination is strikingly original. Its massive details and the ponderous ironwork of the grilles give an idea of strength and safety consonant with a bank, and its strong contrast in outline, detail and color, with the adjoining structures, compels the passer-by to stop and admire—or criticise, according to the bent of his taste. The lover of “pure styles” will not admire it, neither will the weak-minded, modern pseudo-æsthete; the half arch of the doorway, abutting upon the remnant of what develops upwards into a turret, would draw the condemnation of the former as surely as the ruggedness and strength of all the parts disgust the latter. The interior of this bank is as striking as the exterior. Floor and dado are of tiles, and the walls above the white dado are colored red, contrasting sharply with the white stones of the screens at either end of the hall. On these screens there is some excellent naturalistic carving, and on the one nearest the entrance the peculiar feature of the half arch occurs twice. The ceiling is crossed by a series of massive wooden girders of unique design.

The Penn National Bank is of granite, and may be described as modernized round-arched Gothic in style. Its chief adornment is obtained from the grouping and form of its openings, which it would be almost impossible to arrange more tastefully, or to make more varied yet harmonious in style.

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**PAYMENT—APPLICATION OF.**—A continuous account between the plaintiffs and J. D., extending from the 4th of February, 1880, to the 30th of March, 1882, was kept by the plaintiff alone. A draft drawn on and accepted by the plaintiffs, and signed by J. D. for whose accommodation it was drawn, and by the defendant's intestate, as surety for J. D., was charged in the account on 7th of June, 1880, as one of the debits against J. D. The credits were more than sufficient to extinguish the draft and all the debits antecedent to it. In an action against the administrator of the surety, to recover a balance due on the draft, it was held that the credits should be applied to the settlement of the earlier items on the debit side of the account; and the draft was therefore in point of law paid. [*Harnett v Dudley*. Maryland Ct. of Appeals.]

## ENGLISH BANKING PRACTICE.

[CONTINUED FROM THE JUNE NUMBER.]

*Drawer.*—The drawer guarantees, by drawing, that the bill will be duly accepted and paid at maturity. If he is a minor, although the holder has no recourse against him, he may derive through him a right of action against the acceptor of the bill, and similarly if the drawer be a company or corporation who acted *ultra vires* in drawing the bill.

*Acceptance.*—Until a bill is accepted no one except the drawer has any claim whatever upon the drawee. Before sending out a bill for acceptance a banker should, if the bill is his own, make it specially payable to himself, or to the agent through whom we will send it for payment. Although a bill be unaccepted, if it be a bill from abroad, it may have an indication anywhere about it, indicating that another part of the "set" is accepted and in the hands of a specified person, often expressed, "First and in need with Messrs. ———." The advantage of this plan is that earlier acceptance is obtained, with its additional security. In such a case the banker will exhibit the "part" he holds to the person indicated as the holder of the accepted part, applying for it, and the holder is required to hand over the acceptance if the two parts agree; probably there may be no indorsements upon the accepted part, or only a portion of the series of indorsements which are on the other, but if, as far as they go, the two parts agree, they are fastened together and form one bill.

No time should be lost in presenting a bill for acceptance, unreasonable delay would, in case of the failure of the drawee, discharge the indorsers, and if the bill is drawn "after sight" every day's delay postpones the day for payment of the bill. Bills should be sent out for acceptance at latest on the business day next following the day of receipt. In London bills after date having more than three days to run are presented for acceptance.

The bill must be tendered to the drawee for acceptance; he is not required to call to see it. It can be sent by post, but if the holder does not care to trust the drawee with it, and he resides at a distance and is asked to call, the person from whom it has been received should be promptly advised of the course adopted. If it be sent by post, either direct to drawee or to a bank, a stamped envelope should be enclosed for its return, unless the bank to whom it is sent is a recognized agent of the sender. Presentation should be during the usual business hours of the drawee, and he is not required to date his acceptance from the actual day on which the bill was left, if left after such hours. He is not required to accept it at once, but is entitled to have until the close of the following business day to decide upon the course he will adopt. He cannot insist upon the bill being left in his possession so long, though it is customary to leave it. If, however, when the bill is tendered, he chooses to give an answer at once, the presenter need not wait until the following day, before dealing further with the bill.

If the bill has documents attached to it they should be exhibited with the bill for examination (both bills of lading and insurance policy, &c.) but the drawee cannot demand that these should be

left with him, and it is not customary to do so unless the drawee be a banker. If documents are so left, and the drawee wrongfully retains them he commits a criminal offence. When documents are attached to a bill there should be a ticket stating whether the instructions are to deliver "Documents on payment," or "Documents on acceptance." If the holder sends the bill by post for acceptance he should repeat these instructions, and any other such, as "protest if not accepted," or "incur no expense," &c., &c., in the letter. These instructions should be strictly attended to in all bills received to procure acceptance of, because any neglect of them may involve the party guilty of negligence in liability on the bill. It is customary when presenting bills for acceptance to attach a ticket "Left for acceptance by \_\_\_\_\_ of \_\_\_\_\_

17 February, 1885." In country towns it is advisable to add "to whom *only* the bill must be returned," and, if the bill entitles you to say it, "to be accepted payable in London."

If the bills are on demand, payable elsewhere than at the residence of the drawee, an endeavor should be made to recover them before the close of business hours on the day on which they are presented for acceptance.

If a bill is drawn payable at any other place than the drawee's residence or place of business, it must be presented to him for acceptance before it is sent for payment, even though this will prevent the bill arriving at the town where it has to be paid until after the due date, but in such a case notice of the circumstance should be sent to the remitter, particularly if the bill has foreign indorsements. If the drawee is dead, an attempt should be made to find out his personal representatives, and to present the bill to them; if they are not known it should be presented at his last residence. If he is bankrupt the bill may be presented to him or to his trustee. If there are several drawees, the bill should be presented to each of them if they are not in partnership.

Acceptance is signified by the signature of the drawee upon the bill (even on the back) and that in English law is sufficient, without any addition. If the bill is after sight, the date of sighting must be added. If the bill does not specify where the bill is to be made payable, the acceptor is not entitled to make it payable out of the town in which he resides, unless, perhaps, in London, according to the custom, and nothing must be added to his acceptance to indicate where it is to be paid without his sanction.

The acceptance can be given before the bill is signed by the drawer, or whilst it is otherwise incomplete. If instead of accepting a bill the drawer gives a check (not requiring indorsement) and bearing the due date of the bill, this is not an acceptance within the terms of the Act of 1882, and the indorsers should be advised thereof, and their consent obtained.

The drawee of a bill must be very careful not to accept more than one part when the bill is drawn in a set ("first, second and third of exchange") for if he accepts two parts he may have to pay both of them.

The drawee will be careful not to accept any drafts drawn by a per procuracion which is not known by him to be authorized by his correspondent.

The acceptor may cancel his acceptance so long as it remains in his own hands, provided he has not declared his intention to accept, and thereby caused a third party to rely on the bill. After he has delivered the acceptance he must not revoke it, nor can he

thereafter dispute the drawer's signature. If he has been induced to accept the bill by fraud, he of course can repudiate liability on the bill, but not simply because the consideration for which he gave the acceptance has failed, if the bill is in the hands of a *bona-fide* holder for value, as, for instance, where the bills of lading attached to the bill turn out to be forgeries.

An acceptance is termed "general" if it consists simply of a signature, or of a signature and an indication of the place of payment, *without* the addition of the words, "and there only and not elsewhere," or their equivalent. These words would make it a "qualified" acceptance.

A general, or "clean" acceptance, enables the holder to present the bill at maturity to the acceptor himself, without presenting it at the indicated place of payment (domicile), but by doing so, though he would retain his course against the acceptor, he would release all the indorsers. A qualified, or conditional, acceptance is sometimes tendered, particularly in the case of bills with documents attached which are to be given up on payment. It seems natural that the acceptor should embody this stipulation in his acceptance, but if the holder accepts such a qualification without the authority of the prior parties to the bill, they are relieved from liability on it. It is said that if, in place of noting this qualification on the bill a "back letter" be given undertaking in consideration of the acceptance to give up the documents on payment, the prior parties are equally released. In the Indian trade, however, such qualified acceptances are recognized by the custom of merchants. In any case of qualification a banker will, of course, notify his customer and obtain his instructions or confirmation, meanwhile receiving the bill without prejudice to any interests therein.

If a documentary bill is sent out or received for acceptance, precise instructions should be attached indicating whether the documents may be given upon an acceptance or on payment, whether insurance policy or certificate is annexed or is required, and whether it must be stamped with the English Revenue Stamp. If the Insurance Certificate refers to an open policy, and the bill is held for collection, application should be made to the Insurance Company or broker issuing the policy for confirmation. If an acceptor of a documentary bill who is not entitled to the documents on acceptance desire to obtain them, by merchants' custom he is allowed to have them on payment of the amount of the bill under rebate (or discount) at one half per cent. above the advertised rate for short deposits with the chief London Joint Stock Banks. The rebate should be calculated from the day upon which the actual cash will be obtained by the owner of the bill at the place where it is payable, not from the date upon which he will receive the draft for the amount, and he is entitled to this payment free of any charge for commission or exchange. A bill taken up under rebate should be duly stamped and discharged. Sometimes documents are obtained by a banker intervening on behalf of the acceptor and guaranteeing the due payment of the bill at maturity, which, by the way, has quite recently been declared *ultra vires*, though had the bank indorsed the bill the guarantee would have been just as effectually given and no question of capacity could have arisen. Sometimes the documents are surrendered to a broker on his undertaking to pay over the whole of the net proceeds of the produce or absolutely to pay the bill at maturity, but whoever applies for the documents should produce an order from the drawee

of the bill authorizing the delivery of the documents to the applicant or to his order. If a documentary bill is taken it is desirable that the bills of lading, &c., should be indorsed in blank, and not specially, so as to avoid any question as to the personal liability of the holder, not being actual owner of the goods, for freight.

Bills of Lading only *purport* to be for certain articles, and may turn out to represent rubbish, therefore they should only be relied upon when received from strictly honorable people. The freight and customs' duties may prove so heavy that if the goods are thrown on the hands of the holder of the bill they may realize but a trivial amount compared with their apparent value when shipped.

The drawee is the person who himself or by his agent should accept the bill, and if his name or address is inaccurately given on the bill, they may be corrected. Acceptances by minors are invalid. Acceptances by a partner in a non-trading partnership, such as a firm of doctors or lawyers, do not bind the firm, but only the individual signer. Per procuration acceptances only bind the drawee to the extent of the authority he has given the signer.

Two distinct firms, having one or two partners in common and trading under the same style, are liable on each others acceptances to a *bona-fide* holder without notice, and directors of a company which has no power to accept bills are themselves personally liable on their acceptances purporting to be on behalf of the company to a holder for value who is unaware of the incapacity of the company to accept.

*After-Sight Bills.*—The acceptance should bear the date of the day on which the bill was first left with the drawee, not that of the day on which the acceptance is written on the bill. If accepted thus, "Sighted 20 December, accepted 21 December," the currency must be calculated from the sighting date. After-sight bills must be presented for acceptance within a reasonable time or prior indorsers to the bills are discharged.

*Partial Acceptance.*—If a bill is accepted for a less amount than that for which it is drawn, the holder must without delay get the approval of the person from whom he received it or reject the bill. If it is a foreign bill it must be protested for the unaccepted balance.

*Acceptance for Honor.*—If a bill is refused acceptance by the drawee, or if it is protested "for better security" after his acceptance and subsequent failure, it may be protested for honor. After protest it should be presented to any "case of need" named on it, and if the case of need intervenes he should accept thus—

"Accepted for honor and account of A. B. & Co. (drawer or indorser), with £ : s d. Notarial Charges, and will be paid if regularly presented when due. N. Y. & Co."

*Application for Accepted Bills.*—On the day following that on which the bill has been left for acceptance it should be applied for and described by its amount, the applicant also giving the name of the presenter. If the presenter by negligence allows these particulars to become known, so as to enable a stranger to apply for the bill, the loss falls upon the presenter. On receiving it the applicant will see, before leaving the acceptor's office, whether the acceptance is regular and completed. If there is any delay in recovering the bill, notice should at once be given to the person from whom the banker received it.

*Non-Acceptance.*—Bills refused acceptance should be promptly returned to the owner. An inland bill does not require noting or pro-

testing, but a foreign bill should always be protested unless the holder is instructed to the contrary. A form of protest for use, where no notary is available, is given in the section on non-payment. Sometimes it is convenient simply to note a bill and obtain the owner's instructions before incurring the greater expense of protesting, for if a bill be duly noted a protest can be extended at any time.

In the United Kingdom the holder is entitled to recover the amount of an unaccepted bill at once from the prior parties, and so he is in the United States, but elsewhere he can only demand better security for payment at maturity. Bills drawn upon the United Kingdom are, of course, subject to its laws in this matter so far as concerns residents therein.

*Bank Acceptances.*—A depositor cannot insist upon a banker accepting an undue draft against his deposit without his prior consent.

*Failed Acceptors.*—A banker cannot compel his customer by law to withdraw the acceptances of a failed firm before maturity, but some bankers nevertheless require them to be taken out of their hands upon the announcement of the failure.

*Indorsements.*—In the United Kingdom a bill may be to bearer or order. If to order, of course it must be indorsed. It may be indorsed on the face. The indorsement should agree letter for letter with name given as payee or indorsee on the bill. If it is wrongly given, the indorser should write it in the same manner and add his proper signature under.

All bills paid to credit should be indorsed by the customer to whose credit they are to be passed, but if a banker has received unindorsed bills for good consideration he can compel indorsement by his customer, or by his trustee in bankruptcy. It is desirable that the same partner should draw and indorse bills, as it assists the paying banker, who would be liable to his customer if he paid a forged indorsement or refused a valid one. If the indorsement is per procuration the banker may require proof of authority to indorse, though this is not usual.

If a banker pays a bill on a forged indorsement he may perhaps be able to reclaim the amount thereafter from the person to whom he paid it. If a bill is payable to several persons, not partners, each one of them must indorse. A minor may indorse so as to transfer a good title, though he will not be liable on the bill himself. An executor or trustee may indorse, but usually such indorsements are guaranteed by his bankers.

A forged indorsement or an unauthorized one is inoperative, and gives the holder of the bill no right to retain or to deal with it.

A bill with a restrictive indorsement should not be taken—"Pay A. B. for my account" is such an indorsement. The payer of a bill with such an indorsement is not responsible for the correct application of the proceeds. An indorsement as surety is often wisely supported by a note from the indorser, stating in what capacity he indorses.

An indorser "without recourse" (*sans recours*) is liable on any previous forgeries, though not for failure of payment of the bill.

An indorser, or any other party to a bill, to whom it is indorsed back again, cannot sue any of the intermediate parties.

A bankrupt indorser gives a good title to a person taking the bill in good faith, without notice and for value.

Bills remitted for collection should not be specially indorsed but any specialty should be completed by an indorsement in blank and

the remitter's stamp on the back. "Remitted from B. bank to C. bank for collection."

*Revenue Stamp.*—All bills drawn in the United Kingdom must be drawn on stamped paper. If drawn abroad, the proper *adhesive* stamps must be affixed when the bill is put into circulation (they need not be on when the bill is accepted) and should be canceled by the name or initials of the firm affixing them, with the true date of so doing. Penalty for not thus canceling them is £ 10.

If the bill is in a set, a stamp for the full amount of the duty should be affixed to one of the parts. A bill drawn abroad upon an English *impressed* stamp does not satisfy the law; the stamp, if the bill is not on demand, must be an adhesive one. If the bill is in foreign currency, its amount, for purposes of the Stamp Act, is to be calculated at the rate of exchange on the day of its date, not of its maturity.

Occasionally a bill is received from abroad, duly accepted, but purporting to be drawn in the United Kingdom upon unstamped paper, in such a case a copy of the bill may be drawn upon a properly stamped form and attached to the acceptance after being duly signed by the drawer of the bill. This is a practical way out of the difficulty, though its legality may be questioned.

Unless it is desirable to secure right of action in foreign Courts, it is not necessary to give attention to the foreign stamp. If the bill is payable with interest the stamp need only cover the amount of the principal.

[TO BE CONTINUED.]

## SUPREME COURT OF IOWA.

### *First National Bank of Lyons v. Oskaloosa Packing Co.*

1. GAMBLING CONTRACTS.—When the parties to an executory contract for the sale of property, intend that there shall be no delivery thereof, but that the transaction shall be settled by the payment of the difference between the contract price and the market price of the commodity at a time fixed, the contract is void.

2. SAME—MUTUAL UNDERSTANDING—EVIDENCE.—But it must be shown by a preponderance of the evidence that both parties to the contract intended that it should be performed by a mere payment of differences, and not by a delivery of the property.

3. SAME—COMPETENCY OF PARTY—INTENTION.—A party who is sued on such a contract is incompetent to testify as to his intention in entering into it.

4. SAME—NOTE GIVEN FOR MARGINS—RIGHTS OF HOLDER.—A party who takes a note given to reimburse the payee for margins advanced by him, with knowledge of that fact, cannot recover thereon.

5. SAME—CONTRACTS HELD VOID.—On review of the facts and circumstances of this case, as disclosed by the evidence, *held*, that the finding of the jury that none of the parties to the transaction intended that there should be a delivery of the property, but that the "deal" should be closed by a mere settlement of differences, was fully warranted by the evidence, and that the judgment should be affirmed.

This is an action upon a promissory note. There was a trial by jury, and a verdict and judgment for the defendant, whereupon plaintiff appealed.

ROTHROCK, J.—The note in suit is for the sum of \$15,000, with interest at 8 per cent. per annum. It was executed by the defendant on the sixth day of July, 1883, payable to the order of Stiles, Goldy & McMahon, and indorsed to the plaintiff. The defendant admitted the execution of the note, but alleged that it was given for margins upon certain purchases of short ribs of pork on the Chicago Board of Trade, and that it was not intended by the parties that said short ribs should ever be delivered, "but that the purchase thereof was a mere wager or gambling contract, invalid under the laws of both Iowa and Illinois; that said wagering contracts were void, and could not be enforced by the plaintiff, and that there was no legal consideration for said note." The defendant having admitted the execution of the note, the burden was on it to establish the defence upon which it relied.

We suppose that it was in response to this letter, that the note in suit was executed. The last letter of the series was dated July 9th, and is as follows:

"CHICAGO, July 9, 1883.

"OSKALOOSA PACKING COMPANY, OSKALOOSA, IOWA.—*Gentlemen*: Yours of the seventh instant received. You will see by the circulars that we have had another very bad day. Aug. ribs sold down to 7.30, which shows a loss on your 600 M. of over eighteen thousand dollars. You must send us some money or we shall be obliged to close out your deals. Send \$5,000 by return mail and we think you will be able to carry through, and, in the end, regain part of your loss. Your dispatch of this date received. We shall look for you, Mr. Green, to-morrow.—Respectfully,

STILES, GOLDY & MCMAHON."

In all this correspondence the name of the person or persons from whom the six separate purchases of 100,000 pounds of ribs were made is not disclosed. The purport of all the correspondence is, that the price of the property was going down and the loss of defendant increasing, and a demand for more margins. These demands do not appear to have been made by any persons designated as the sellers of the property, but by Stiles, Goldy & McMahon.

[The evidence was then fully set forth, because, said the Court], the case turns upon the question whether there was sufficient evidence to warrant the jury in finding that the note was void, as being founded upon an illegal and gambling transaction; and it is proper to say at the outset that, as there is no claim made that the plaintiff is invested with any right which did not exist in favor of the payees of the note, the rights of the parties are to be determined by the same rules as though the note had not been indorsed, and as though the action had been brought in the name of the payees. It is well settled that when the parties to an executory contract for the sale of property intend that there shall be no delivery thereof, but that the transaction shall be settled by the payment of the difference between the contract price and the market price of the commodity at the time fixed, the contract is void: *Gregory v. Waltona*, 58 Iowa 711; S. C. 12 N. W. Rep. 726; *Murry v. Ockeltree*, 59 Iowa 436; S. C., 13 N. W. Rep. 411; *Pixley v. Boynton*, 79 Ill. 353; *Logan v. Musick*, 81 Ill. 415; *Corbett v. Underwood*, 83 Ill. 324; *Bigelow v. Benedict*, 70 N. Y. 202.

These and many other cases that might be cited hold that, in order to establish the invalidity of one of this class of contracts, it must be shown by a preponderance of the evidence that both



parties to the contract intended that it should be performed by a mere payment of differences, and not by a delivery of the property. This rule is not disputed by counsel for appellant, and the court fully and fairly instructed the jury that they must, in the determination of the case, be governed by that rule. Some complaint is made by appellant, that the instructions were not as explicit as they should have been, and that certain instructions asked by the plaintiff should have been given; but we think the complaint is not well founded. It appears to us that the very question which the jury were required to determine, was submitted to them so plainly and fairly that there can be no just cause of complaint in that respect.

The witness, Green, was the president of the defendant corporation, and the several contracts were made by him as such officer. It is very clearly shown by his testimony that he at no time intended that the 600,000 pounds of ribs should be delivered to him and be paid for by him. His evidence is strongly corroborated by the fact that it was no part of the business of defendant to deal in options on the Chicago Board of Trade. The transaction, if a valid one, involved the payment of some \$60,000 in performance of the contracts, and the packing company had no assets except such as was invested in its real estate, and the tools, implements and fixtures necessary to carry on its business. Objection was made to the testimony of the witness, Green, as to his intention with reference to the transaction. We think the objection was properly overruled. It was plainly the right of the defendant to show that there was no intention on its part that the property should be delivered to it. This essential element in the case the defendant was bound to establish, and there was no better evidence by which to show it than by proving the intention of the very party who made the contracts in behalf of the defendant. The jury were fully warranted in finding from the evidence that the defendant did not at any time intend that any short ribs should be delivered in pursuance of the contracts, but that the transaction was one of those myriad affairs known as mere marginal contracts, by which millions of bushels of grain, and millions of pounds of the produce of the country are ostensibly made to change hands by sale and purchase, without the existence of the commodity, except in imagination and upon the books of commission merchants and in contracts such as are shown by the several telegrams in this case.

But it is claimed that there was no evidence, in the case by which the jury was warranted in finding that the other party to the transaction intended that the contracts should be performed by a mere settlement of differences. And here it is important to inquire, who was the other party? There is no evidence in the case by which the jury could determine that these six several purchases of ribs were bought from any specific person or persons. In all the letters and telegrams of Stiles, Goldy & McMahon, there is no intimation of the name of any seller. They never at any time, directly or by inference, gave the defendant to understand that these were *bona-fide* parties with whom they had contracted, and that such parties were able and willing to perform by the delivery of the commodity purchased, and that the sellers were importunate for more margins. They constantly demanded margins for themselves. Of course it was an impossibility for the defendant to prove that some mythical, undisclosed and unknown sellers, with whom Stiles, Goldy & McMahon claimed they contracted, had a like inten-

tion with the defendant that no delivery should be made, but that there should be a mere settlement of differences.

But we do not deem it necessary to inquire further as to these unknown contractors. This is an action upon a promissory note, given to Stiles, Goldy & McMahon, which they claimed was to reimburse them for margins advanced for the defendant. If they knew that this was an illegal and gambling transaction, and understood that it was to be settled without any delivery of the ribs, no recovery can be had upon the note. They stand in no better position than mere stakeholders in a gambling transaction, who loan money to one of the gamblers to enable him to make his bet upon the turn of a card, the speed of a horse, or the success of a candidate for an office: *Irwin v. Williar*, 110 U. S. 499; S. C., 4 Sup. Ct. Rep. 160; *Thompson v. Cummings*, 68 Ga. 125; *Barnard v. Backhaus*, 52 Wis. 593; S. C., 6 N. W. Rep. 252, and 9 N. W. Rep. 595.

We are to determine whether the facts and circumstances were such as to warrant the finding that Stiles, Goldy & McMahon should be charged with participation in an illegal and gambling transaction. The defendant did not put these parties upon the stand as witnesses and prove by them what their intentions were. But the intention of a party may be shown without using him as a witness. The acts and declarations of a person show his purposes and intentions, and these are the usual proofs of intention. And their acts and declarations are clearly competent to show that those hidden and undisclosed sellers, if there were, in fact, any such persons in existence, did not intend to deliver the property. And one of the very strongest circumstances in support of the defence is that no sellers were disclosed. We need not here repeat the evidence. It is enough to say that the whole correspondence between the parties refutes the idea that there was some seller or sellers who would at some time in August deliver to the defendant 600,000 pounds of ribs, and that defendant should receive the property and pay some \$60,000 in money. It was a "deal," it is true, but the jury was fully warranted in finding that as to all the parties, known and unknown, it was a "deal" to be closed out by a mere settlement of differences.

Another very important fact in the case is that Stiles, Goldy & McMahon knew that the packing company did not intend to receive and pay for the property. They knew this because they were fully advised that the whole property of the corporation was insufficient to pay the \$60,000. In their correspondence they repeatedly advised the defendant that it had lost so much money, naming the amount. In one letter they say, "Your loss is becoming a serious matter." In another it is said, "You must keep us fully informed how far you want to carry this deal, and do not carry it further than you are prepared to pay the loss." In another letter they say, "As the market closed to-night your loss on the ribs will amount to about eleven thousand dollars." As we have said, there was no intimation at any time that there would be a tender of the property to the defendant and a demand of payment.

The case of *Flagg v. Baldwin*, 38 N. J. Eq. 219 (30 Alb. Law J. 364), was an action by a stock-broker to foreclose a mortgage given to him to cover certain losses in speculations in stocks upon margins. The defence contested the right of recovery upon the ground that the contracts out of which the claim arose were wagering contracts, illegal and void. It is said, in the opinion in that case: "These erroneous transactions were far beyond the ability of ap-

pellants at any time, and were known to be so. It appears that respondent was notified that the advance was all that Flagg had to speculate with. The wife's note, and subsequently her bond and mortgage, were resorted to with the avowed purpose of binding her separate property. Respondent admits that he was informed and knew that Flagg was speculating for all that Mrs. Flagg and he had in the world. Under such circumstances it is idle to pretend that there was or could be any hope or expectation that appellants were to take, or could be required to take, these vast amounts of stock. For respondent to have tendered them and demanded payment for them would have been absurd in the extreme. The whole circumstances show that no such right to tender entered into the transaction. On the contrary, the contract plainly was that if the stocks bought advanced, the profit was to be realized by a sale; if they declined, the remedy of the respondent to save himself was by a sale. The settlement was to be the profits and losses thus ascertained."

We quote this language because it appears to us to be peculiarly applicable to the case at bar. It cannot with any plausibility be claimed that any of the parties to this transaction intended or expected that the defendant would take the 600,000 pounds of ribs.

We have thus far considered this case by adhering to the rule that it is incumbent on the defendant to show that all the parties to the transaction intended that there should be no delivery of the property. That rule is the law of this case, because the court so instructed the jury. Counsel for appellee cite us to cases which do not seem to require an application of the rule to its full extent. In *Cobb v. Prell* (U. S. C. C. Dist. Kan.) 22 Amer. Law Reg. 609; S. C., 15 Fed. Rep. 774, a case, in many of its features, very much like the case at bar, it is said: "It is the duty of the courts to scrutinize very closely these time contracts, and if the circumstances are such as to throw doubt upon the question of the intention of the parties, it is not too much to require a party claiming rights under such a contract to show affirmatively that it was made with an actual view to the delivery and receipt of the grain;" citing *Barnard v. Backhaus*, 9 N. W. Rep. 595. It cannot be denied that there is much force in this language, in view of the fact, known to all men, and of which courts and juries cannot be oblivious, that of the thousands of transactions of this kind which are entered into each month in the great trade centers of this country the parties thereto do not deliver the commodity purchased, but merely settle differences in values.

But without now entering upon any advanced ground in reference to this species of speculation in values, we conclude that the jury were fully warranted in finding from the evidence, as an affirmative proven fact, that none of the parties intended that there should be a delivery of the property, but that the "deal" should be closed by a mere settlement of differences. Affirmed.

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## LEGAL MISCELLANY.

**TRUST AND TRUSTEE-RULE AS TO INVESTMENT.**—The war of the rebellion, and the residence of both guardian and ward in the enemy's territory throughout the war, did not terminate the obligation of a guardian appointed before the war in a State never within that territory, nor discharge him from liability to account to the ward in the courts of that State after the war. A guardian, appointed in New York, before the war of the rebellion, of an infant then temporarily residing there, but domiciled in Georgia, sold bank stock of his ward in New York during the war, and there invested the proceeds in bonds issued before the war by the cities of Mobile, Memphis, and New Orleans, and in bonds issued by a railroad corporation chartered by the State of Tennessee, and whose road was in Tennessee and Georgia, and the railroad bonds indorsed by the State of Tennessee at the time of their issue; and deposited the bonds in a bank in Canada. *Held*, that if in so doing he used due care and prudence, having regard to the best pecuniary interests of his ward, he was not accountable to the ward for loss by depreciation of the bonds, although one object of the sale and investment was to save the ward's money from confiscation by the United States. An investment by a guardian, of money of his ward, during the war of the rebellion, and while both guardian and ward were residing within the enemy's territory, in bonds of the so-called Confederate States, was unlawful, and the guardian is responsible to the ward for the sum so invested. [*Lamar v. Micon*. Sup. Ct. of U. S.]

**NEGOTIABLE INSTRUMENT—FAILURE OF CONSIDERATION—PAYMENT IN GOODS—BANKRUPTCY OF MAKER.**—Plaintiff held notes against defendant; defendant delivered goods to plaintiff in payment of the notes; before the notes were surrendered by plaintiff the defendant was declared a bankrupt and the sale became thereby void. *Held*, that the plaintiff could recover upon the notes upon the ground that the consideration for a promised surrender of the notes had failed. The assignment in bankruptcy, by its retractive effect, rendered the sale to the defendant void. A vendor in possession impliedly warrants his title to the thing sold. *Thurston v. Spratt*, 52 Me. 202; *Huntingdon v. Hall*, 36 id. 501. For the breach of warranty, or failure of consideration, the purchaser can rescind. *Marston v. Knight*, 29 Me. 341; *Bryant v. Isburgh*, 13 Gray 607. Suing the note rescinds the sale. The defendant contends that the object of the sale was to defraud the seller's creditors. He cannot set up such a defence. *Butler v. Moore*, 73 Me. 151. The purchaser does not get that for which he was to pay. It is the same rule as that which applies in favor of a buyer who buys forged shares in a corporation; or forged bills or notes; or who gets an article different from that which was described in the sale. He can recover back money if he paid money; or recover in specie any property passed over to the seller. Here the buyer has in his own hands the note which he was to surrender for the goods, and can collect the same. *Eichholz v. Banister*, 17 C. B. (N. S.) 708; *Chapman v. Speller*, 14 Q. B. 621; see *Benj. Sales* (3 Am. ed.), § 423, and cases in note. [*Maxwell v. Jones*. Sup. Ct. of Maine.]

NEGOTIABLE INSTRUMENT—STATUTE OF LIMITATION—DUE-BILL—NO DEMAND NECESSARY TO SET STATUTE RUNNING.—A due-bill or contract in the following terms: "Leavenworth City, October 22, 1873. Due J. C. Douglass \$500, in brick-work at \$10 per thousand, measured in the usual way. [Signed] Sargent A. Bro.," is payable at once and without demand, so that the statute of limitations runs from its execution; and an action thereon against the makers is barred by the statute if not brought within five years after its date. Code, § 18, sub. div. 1. The case of *Auld v. Butcher*, 22 Kans. 400, is not applicable. That was an action for the wrongful conversion of a city bond, a case of pledge or trust in which a demand was necessary. Here on the face of the due-bill sued upon, the defendants owed the plaintiff \$500 in brick-work at the date thereof. The obligee in the contract was bound to receive performance of the work whenever offered, whether before or after it was specially demanded by plaintiff. Upon contracts of the kind sued upon, it would not do to say that the statute does not begin to run until after demand. As a demand is optional with the creditor, no performance or tender could be made which would bind him, and he could keep the due-bill or contract alive for an indefinite period. Such a construction would not carry out the intention of the parties, *Palmer v. Palmer*, 36 Mich. 487, and cases cited; *Herrick v. Wolvorton*, 41 N. Y. 581; *Wheeler v. Warner*, 47 id. 519; *Stover v. Hamilton*, 21 Gratt. 273; *Bowman v. McChesney*, 22 id. 609. [*Douglas v. Sargent*. Kansas Sup. Ct.]

TENDER—MUST BE KEPT GOOD.—(1) A tender of the amount due from the purchaser of land to his vendor, who is not in a position to make a clear title, according to his bond, by reason of an incumbrance placed by him on the premises sold, to be availing to stop the accruing of interest after such tender, must be kept good. To have that effect the tender must be kept in money, at all times ready to be paid, and subject to the order of the creditor at any time when he shall comply with his contract so as to be authorized to receive it. (2) The money tendered must at all times be kept in readiness for the creditor, and not be used by the debtor, and when pleaded at law it must be brought into court for the creditor. It may be the precise pieces of money need not be kept separate, but the amount must be kept at all times subject to be received by the creditor when he calls for it. *Thayer v. Meeker*, 86 Ill. 470; *Crain v. McCoon*, id. 431; *Stow v. Russell*, 36 id. 18; *Knox v. Light*, 12 id. 86. These cases distinctly announce the rule that the money tendered must at all times be kept in readiness for the creditor, and not used by the debtor, and when pleaded at law, it must be brought into court for the creditor. It is in this way only that the debtor can escape the payment of interest and costs. We have only to turn to any book of precedents to find that a plea of tender must aver a readiness, at all times after it is made, to pay the money, and he must bring it into court. If he uses the money, of course he is not at all times ready to pay it. In the case of *Gyles v. Hall*, 2 P. Wms. 378, where a tender was relied on to stop interest, it was said by the Lord Chancellor: "But in this case it ought to appear that the mortgagor, from that time, always kept the money ready, whereas the contrary thereof being proved, the mortgagor was not ready to pay it, therefore the interest must run on." This is the rule both at law, in equity, and it is supported by the principles of justice. *Mathison v. Wilson*, 87 Ill. 51; *Carr v. Miner*, 92 id. 604; *Ventres v. Cobb*, 105 id. 33. [*Aulger v. Clay*. Ill. Sup. Ct.]

**BANK—NATIONAL—POWER TO PURCHASE REAL ESTATE—REV. STAT., § 5137.**—A National bank has the power to purchase such real estate as shall be mortgaged to it in good faith by way of security for debts previously contracted; and if in order to secure the same debt it purchases other real estate not mortgaged to it, that does not affect the title to the land it was authorized to purchase.

The National Banking Law (Rev. Stat., § 5137) provides that a National banking association may purchase such real estate as shall be mortgaged to it in good faith by way of security for debts previously contracted. The power to purchase the real estate in dispute was therefore clearly conferred by the statute. The fact that in order to secure the same debt it purchased other real estate not mortgaged to it, cannot affect the title to the land which it was authorized to purchase; but if there was any force in this objection to the title, it could not be raised by the debtor, for where a corporation is incompetent by its charter to take a title to real estate, a conveyance to it is not void, but only voidable. The sovereign alone can object. It is valid until assailed in a direct proceeding instituted for that purpose. *National Bank v. Matthews*, 98 U. S. 628; *National Bank v. Whitney*, 103 id. 99; *Swope v. Leffingwell*, 105 id. 3. [*Reynolds v. First National Bank of Crawfordsville*. Sup. Ct. of U. S.]

## ECONOMIC NOTES.

### COST OF LIVING.

Edward Atkinson has been engaged in finding the average cost of living in this country, and by getting returns from a large number of people, north and south, he arrives at the following result for each person:

	Cents per Day.	Costs per Year.	Total for U. S.
Meat, poultry and fish.....	9.70 ..	\$ 35.31 ..	\$ 1,765,000,000
Dairy and eggs.....	5.60 ..	20.38 ..	1,019,000,000
Flour and meal.....	2.50 ..	9.10 ..	455,000,000
Vegetables.....	1.98 ..	7.21 ..	360,500,000
Sugar and syrup.....	1.94 ..	7.06 ..	353,000,000
Tea and coffee.....	1.02 ..	3.71 ..	185,500,000
Fruit, green and dry.....	0.62 ..	2.26 ..	113,000,000
Salt, spice, ice, etc.....	0.49 ..	1.78 ..	80,000,000
Total.....	23.85	\$ 86.81	\$ 4,340,000,000

In other words, it costs four and one-third billion dollars annually, nearly fifteen times the value of our cotton crop, to simply find the people in food enough to keep them alive from day to day. The cost of living varies in the different sections of the country. It is highest in New England, where it averages twenty-eight cents per person, and decreases as you go from the crowded and manufacturing to the agricultural sections where the food crops are produced, being thirty per cent. cheaper in the south and west than in the eastern States. Nearly one-half of our whole food supply—in cost at least—is meat. Another quarter of our market bill is for dairy products and eggs, in which also we probably lead the world in consumption, while “the staff of life” costs barely one-half as much.

## FRENCH AND ENGLISH RAILROAD LABORERS.

A writer for the *Paris American Register* says: I believe that no class of laborers or men with trades are so well cared for as are railroad employes on the continent, particularly those in France. French railroad men have no fear of slack times; they share directly or indirectly, in the profits of the company, and they have a retiring pension. The Compagnie de l'Ouest, or Western Line, is not the most prosperous in France, but it gives employment to about 23,000 persons. The average yearly wages paid by this company are: Engineers, from \$726 to \$1,040; firemen from \$390 to \$492. On a corresponding English line, which has 11,000 employes, the average wages are: Engineers, \$600 to \$784; firemen \$345 to \$510. In France all employes on active duty are paid by the month, instead of by the week, as in England. As for the other employes, the wages of signal men of all grades average from \$252 to \$402, and for ticket collectors and brakemen, from \$252 to \$362, in France; while in England the average is from \$262 to \$412, and from \$263 to \$383; but the French employes of these classes receive an indemnity for rent and lodgings in addition to their monthly wages. For train hands generally the rate in France is from \$193 to \$312, as against \$176 to \$290 in England; and for car washers in France, \$235 to \$290, as against \$176 to \$235 in England. But where the French employe has an immense advantage over his English fellow is in the indirect advantages that he enjoys, as, for instance, the "assistance funds," "retiring funds," "savings funds," &c., which the French companies place at the disposal of their people. The Compagnie de l'Ouest appropriates regularly \$23,550 per year for their assistance fund, in case of sickness; the English company only sets aside \$5,000 for the same good purpose. In England a right to a retiring pension exists only at the age of sixty years, and after ten years' contribution to the pension fund; the French employe can retire at fifty-five, after twenty-five years of service, or at the age of fifty, and after twenty years in service, if pronounced incapable of fulfilling his duties. In the English companies neither the widow nor the children of an employe gets anything from the pension fund; in France, in case of death after fifteen years' service, the widow receives half the pension the man would be entitled to, and when she dies, one-half of her pension reverts to the children during minority.

## SOCIAL REFORM IN ENGLAND.

In a recent address at London Mr. G. J. Goschen, M. P., said he saw a new attitude in public life, in Parliament and among all men who took an interest in politics. It was the attitude of being ready to consider almost any proposal. The old methods were more or less discredited, and in fact he was not quite sure whether the domain of political economy at this moment was not in a very similar position to Egypt, where we had destroyed the old authorities without having set up new ones in their place. The orthodox tyrants of political economy were no more allowed to wield the political kourbash. Opinion was at work in many directions. There was a growing belief that the State could deal with poverty, vice and misery. And there was another growing belief in the capacity of the State, or of the community, for undertaking stupendous duties. The fear of corruption was dying away, and opinion went in the direction that the State should be more and more encouraged to undertake new functions. It was the same

with regard to the principles of compensation. At one time they used to be on a most exaggerated scale, but only last year the conservative corporation of London passed a water bill, involving the most confiscating provisions, it was alleged, that had ever been introduced into an Act of Parliament. Look at the stupendous, the almost wicked, compensation which was given a few years ago to the telegraph companies, which he and a small minority felt at the time compelled to resist. Since the present Parliament had been in power there had been an awakening of the public conscience in many respects; there had been a stimulating to the performance of public and private duty stronger and greater than existed before; and in many directions these new views were taking a shape which promised to increase the happiness and the prosperity of the country. History had shown that when there had been a dethronement of religious belief it had generally been followed by the appearance of a number of fanatics and false prophets, and he ventured to think that the dethronement of orthodox political economy might also be followed by the appearance of a swarm of quacks, and the inauguration of what might be called the salvation army in politics. He urged the cultured classes not to stand aloof but to endeavor to guide and lead the masses.

#### TAXATION IN SWITZERLAND.

In the course of last summer, while in Switzerland and Baden, I visited several villages where each family is supplied, from forests belonging to the commune, with wood for building purposes and for fuel; also with pasturage for their cattle, and with a small plot of ground on which to grow potatoes, fruit and vegetables. In addition to these, wages of all public servants are paid from the communal revenue, so that there is no local taxation whatever.\* Suppose that these woods and meadows, and this land, all belonged to a landed proprietor, instead of to the commune; he would go and lavish the revenue in large capitals or in traveling. What an immense difference this would make to the inhabitants! To appreciate this, it suffices merely to compare the condition of the Highland crofters, the free citizens of one of the richest countries in the world, and whose race has ever been laborious, with that of the population of these villages, hidden away in the Alpine cantons of Switzerland or in the gorges of the Black Forest. If, in the Highland villages of Scotland, rentals had been, as in these happy communes of Switzerland and Baden, partly reserved for the inhabitants, and partly employed in objects of general utility, how very different would have been the lot of these poor people! Had they but been allowed to for themselves the seaweed and the kelp which the sea brings them, how much better off would they have been than they now are, as is admirably proved in Mr. Blackie's interesting book, "*The Scottish Highlanders.*"—*Prof. Laveleye in Contemporary Review.*

\* I may mention, as an example, the township of Freudenstadt, at the foot of the Kniebis, in Baden. Not a single farthing of taxation has been paid since its foundation in 1557. The commune possesses about 5,000 acres of pine forest and meadow land, worth about £10,000 sterling. The 1,420 inhabitants have each as much wood for their building purposes and firing as they can wish for, and each one can send out to pasture, during the summer months, his cattle which he feeds during the winter months. The schools, churches, thoroughfares and fountains are all well cared for, and every year considerable improvements are made. 100,000 marks were employed in 1883 for the establishment in the village, of a distribution of water with iron pipes. A hospital has been built, and a pavilion in the market-place, where a band plays on fete-days. Each year a distribution of the surplus revenue is made amongst the families, and they each obtain from 50 to 60 marks, or shillings, and more still when an extraordinary quantity of timber has been sold. In 1882, 85,000 marks were distributed amongst the 1,420 villagers. What a favored country, is it not?



*THE POOLING SYSTEM.*

Joseph Hickson, General Manager of the Grand Trunk Railway of Canada, has recently remarked on this subject that the position of the trunk lines, and indeed of the whole railway properties of the northern part of this continent, is just about as bad as it possibly could be under almost any circumstances. The large companies are drifting without any settled policy, and there is no one with sufficient influence and commanding sufficient confidence to control the situation. The companies with the largest capital, and which ought to be most conservative, are pursuing a reckless policy, partaking more of the characteristics of the Commune than of a conservative management which commands the confidence of investors. So radical a measure as that of reducing the passenger fares between New York and Chicago to \$1 per head might, without attracting public attention, or perhaps materially affecting any interests, be resorted to by a bankrupt corporation, but resorted to by a corporation representing the largest amount of capital invested in railways under one control on this continent, the step amounts to little short of revolution. How the position thus assumed is to be got away from no one is able to foresee. The pooling system has literally broken down, not owing to any want of energy or ability on the part of the commissioner, but entirely owing to the representatives of railway interests involved withholding their support to well-conceived and perfectly practicable measures for concerted action on a reasonable basis. No one is able to define whether the lack of support of Mr. Fink results from personal jealousies, lack of capacity, or interested motives. The railway problem is approaching that phase which will attract the earnest attention of the public, and it is highly probable that it will not be settled until public interest in it has been reflected in legislative enactments, and those charged with the administration of corporate property are forced to act purely in the interest of their trust, and free themselves from the embarrassing influences of speculators.

*THE PETROLEUM INDUSTRY IN THE UNITED STATES.*

A modern French writer has said: In the the domain of the useful arts each age reveals characteristic tendencies. In the last century, mankind had need to clothe itself cheaply. . . . The nineteenth century has wished for light. To the development of the petroleum industry the gratification of this wish is mainly due; yet, while the products of petroleum are used in nine-tenths of all the dwellings of the land, but few of those who occupy them realize that 60,000 barrels of crude oil flow from the earth every day, that more than 30,000,000 barrels are now stored above ground in huge iron tanks, and that 15,000 barrels are required to supply each day's demand in the United States alone. Of this vast quantity, by far the largest proportion is consumed as illuminating oil, or kerosene, for the production of which a stream of oil is constantly flowing through six-inch pipes from the oil regions of Western Pennsylvania, to Baltimore, Philadelphia and Jersey City. In each of these cities establishments, constructed for the purpose, convert the crude oil into various products, principally illuminating oil, for the home market and an export trade of vast proportions. In these refineries the oil is first allowed to settle in large tanks, in which a small percentage of water and sediment accumulates. From these tanks the oil is pumped into stills, holding about 1,200 barrels each, beneath which fires may be kindled, and urged by a strong draught until a red-heat is attained.—*Popular Science Monthly.*

## BOOK NOTICES.

*The History of the Surplus Revenue of 1837; Being an Account of its Origin, its Distribution among the States, and the Uses to which it was Applied.* By EDWARD G. BOURNE, B. A., Foote Scholar in Yale College. New York and London: G. P. Putnam's Sons. 1885.

A few years ago, when the National revenue had become very large, the question was started, should Government bonds be bought and the debt reduced as rapidly as possible, or should taxation be diminished? A third way was proposed, namely, to retain the existing system of taxation, and to distribute a portion of the National income among the States. This plan revived the history of the distribution by the Government in 1837. Professor Thompson gave a good account of what was done, Mr. Knox, in his work on the United States notes, gave another, and Mr. Eaton, Commissioner of Education, and other persons, have given us some of the threads of this history. Mr. Bourne, however, has gathered them all up in his little volume of one hundred and fifty pages. Nothing, indeed, remains for others. He has been very industrious, and his book is a creditable piece of workmanship. There are numberless fields in the history of American finance which will better repay thorough study than this of the surplus revenue, and we hope they will not be much longer neglected.

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*Collected Essays in Political and Social Science.* By WILLIAM GRAHAM SUMNER, Professor of Political and Social Science in Yale College. New York: Henry Holt & Co. 1885.

This is a collection of stimulating essays, and though relating to several subjects, are permeated by a potent idea, the constant and vigorous application of which has given the author so much distinction. That idea is made luminous, whatever be the theme—bimetallism, wages, protective taxes, or sociology. The men who are thus possessed with an idea are always interesting, and generally have been the leading spirits in the world. Prof. Sumner is perfectly sure that his idea is the truth, and men can get on only by following the path he so clearly sees, whether they like it or not. Again and again is the idea impressed on us, but we will give it as stated near the close of the essay on wages. "Wages do not belong in distribution at all. They belong in the application of capital to production. The capitalist-employer is led by self-interest to try to keep wages down, just exactly as he tries to prevent waste of raw material or wear and tear of fixed capital. The employee is led by self-interest to try to get all the wages he can. The struggle is legitimate and necessary. The result of it is that supply and demand distribute the capital amongst the laboring wage-receivers in the proportion which conduces to the maximum of production under all the existing circumstances. . . . If we depart at all from this rule, we entangle ourselves in an endless muddle of sentimental rubbish, we lower production, and contract the welfare of all. The notion that there is under distribution some new and unexplored field of economic science is entirely without foundation." No one

will question the hardness of his way of looking at the matter, but happily, as we believe, he belongs to a minority whose numbers are diminishing. It is true that the older political economists of England were inspired with the notion, not of establishing a scientific system, but of showing conclusively that the production of wealth should be the chief concern of man. The wealth of that country has enormously increased, but, in the meantime, the poor are getting poorer. This condition of things has led to a re-examination of the foundation of political economy, and the consequence is a very general skepticism concerning its soundness. But Prof. Sumner assures us that it is all right, a little hard, perhaps, but logically and entirely true. Do not interfere with the laws of production—produce as much as possible; this is the best course for society. In his essay on Sociology the same idea is repeated in a little different form. He says that "the only two things which really tell on the welfare of man on earth are hard work and self-denial." But suppose he works hard, and does not get a fair reward for his labor? Is the situation hopeless, can society do nothing; is it free from all obligation to do anything? The current of opinion among the new English and European economists is setting strongly away from the despairing view maintained by Prof. Sumner.

Clear as the author is in his separate statements it seems to us that he has not tried anywhere to preserve the distinction between political economy as a science and an art, and the evolving of his principles is so often blended with their application that, on the one hand their scientific character is not perceived, and on the other, their applications appear like dogmatic oracular statements—true, it may be, but not resting on a clearly-defined basis.

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

### I. IS UNAUTHORIZED USE BY PARTNER OF FIRM NAME FORGERY?

C and N are partners. C is indebted to D previous to joining N in business, of which N has no knowledge. D presses C for payment, and C to get more time gives to D a note, signing the firm name. This does not bind N, beyond the annoyance of defence. Is not this forgery? Can you give any adjudication applying to the case?

REPLY.—No one member of a firm can, without the consent of all of his co-partners, bind them by making a note, for his private debt, in the partnership name; and the creditor who receives such a note cannot recover upon it against the firm. Daniel on *Negotiable Instruments*, § 366, and cases cited. It is perfectly clear, however, that the giving of such a note, although as between the partner making it and his firm, it is an unauthorized act, is not forgery. To constitute a forgery, the writing falsely made must purport to be the writing of another party than the person making it. *Commonwealth v. Baldwin*, 12 Gray, 198. A partner has by law power to sign the firm name, and the signature to the note in question is his writing. The falsity, if any, is not in the *writing*, but in the *authority* of the partner to make the writing; and the creditor was bound to know that the partner had no such authority when he took the note.

## II. NOTES HELD AS COLLATERAL.

A held B's note, dated in 1881, with a clause, "and if not paid when due, to be paid with twenty-five per cent. per annum after maturity as liquidated damages for non-payment, together with an attorney's fee of twenty dollars to be due and payable upon default, being made in payment of the note at maturity as liquidated damages for non-payment to be included in and entered as a part of the judgment."

B had given A notes on other parties as collateral security. B died and when the note was presented to be probated the administrator pleaded usury and the probate judge gave judgment for the principal only of the note. This judgment the administrator paid and now demands the collateral notes, which A refuses to surrender, saying that the amount due under the contract for which the collateral notes were left has not been paid. A is willing to accept a reasonable rate of interest. Can the administrator compel A to give up the collateral notes?

REPLY.—As this inquiry is stated, the question as to what was the true amount of the debt evidenced by the principal note, for which the collateral notes were held as security, appears to have been decided in the Probate Court, in a controversy between A and the administrator of B, and the principal debt appears to have been merged in a judgment of that court. Without going into the peculiarities of the local law of Illinois, where the case arises, it appears to us that when the parties settled the amount of that debt by a judgment of a competent court, that judgment was conclusive. And the administrator having paid the amount of it to A, there is no longer any outstanding indebtedness which will justify A in withholding the collateral notes from B's administrator to whom they rightfully belong. See *Colebrooke on Collateral Securities*, § 135.

## III. TIME OF DAY WHEN NOTE PAYABLE.

What part of the day does a note fall due? Or, in other words, would a bank be justified in charging a depositor's note to his account in the morning and then refuse to pay his checks that are presented the same day, because his funds have been applied to the note?

REPLY.—It is generally said that the maker of a note has the whole (*i. e.*, during business hours) of the last day of grace, and, if it is payable at a bank, the whole of bank hours during that day to make payment. While the holder may demand payment at any reasonable hour on the last day of grace, or at any time during bank hours, if the note is payable at a bank, and upon refusal may at once treat the note as dishonored and notify the indorsers. As to whether the maker is liable to suit on the last day of grace, after presentment, demand and refusal, the law differs in different States. In Pennsylvania, where the question arises, and in New York he is not liable to a suit until the following day. *Edwards on Bills*, § 716, 717; *Thomas v. Shoemaker*, 6 W. & S. 179; *Osborne v. Mormon*, 3 Wend. 170. While in other States he is liable to an action begun on the last day of grace, after presentment, demand and a refusal to pay. See the authorities collected in *Daniel on Negotiable Instruments*, 3d Ed., § 1209, *et seq.*, where the latter view is adopted as the more correct one. It may be, therefore, in this case, that, if the depositor had, on the last day of grace, brought an action at law against the bank to recover the balance due him on deposit account, the bank could not *in that action* set off the amount of the note which it held, because the note was not suable until the following day; and so that the bank would have been obliged to bring a cross action. This,

however, is rather a matter of technicality, and is not at all decisive. Of the real question, which is, whether conduct such as is stated in the inquiry would be justified by the legal relations existing between the parties, and whether the bank, for refusing to pay the check under these circumstances, would be liable to an action for damages as for a breach of its duty to the depositor. It seems to us very clear that the bank would not be liable to an action in such a case, and that it has a perfect right, if it chooses to exercise it, to hold the deposit and apply it to the payment of the depositor's note. See the authorities cited in Walker's Banking Law. p. 79, *et seq.*, and Morse on Banking, 2d Ed., p. 45, *et seq.* In England, in the case of *The Agra and Masterman's Bank v. Hoffman*, 34 Law Jour. Ch. 285, where the bank retained the balance of a customer to answer a future liability as indorser, which might arise in respect of bills discounted for him, to a larger amount than the balance, and the customer brought an action against the bank for having dishonored his checks and for the amount of the balance, the Court of Equity, upon the bill filed by the bank against the customer for an account and for an injunction to restrain the action at law, granted the injunction prayed for.

#### IV. TRANSFERS OF STOCK.

Suppose a stockholder in a National bank (or other stock bank) holds a certificate of stock for, say, 150 shares, and he wishes to subdivide it into smaller certificates of, say, twenty-five shares each, is it necessary for, and can the bank require him to indorse the 150 shares certificate before issuing the smaller certificate instead? That is, provided he is present at, or absent from, the bank at the time.

Further: Suppose the same stockholder wishes, when *present* at the bank, to transfer a portion of his stock—say one of the 25 shares certificate—to *another party*, making the transfer himself, on the transfer book, is it necessary for him, and can the bank require him, to indorse the said 25 shares certificate?

REPLY.—A certificate of stock is merely the evidence of the stockholder's title to shares of stock in the corporation. If, therefore, the owner of shares of stock, represented by one certificate, surrenders that certificate, and asks that several certificates for smaller amounts be issued to him in place thereof, there is no legal necessity, in the absence of a charter provision or of a by-law of the corporation, for requiring him to indorse the certificate surrendered.

It is well settled, also, that in the absence of a charter provision or of a by-law of the corporation, a stockholder may transfer his shares therein to another person by a transfer upon the books of the corporation, and that an indorsement of the certificate, in addition to such transfer on the books, is not legally necessary.

Whether, in either case, the corporation can require him to indorse the surrendered certificate, and could legally justify a refusal to issue new certificates or transfer the stock, unless the old certificate was indorsed as a condition precedent to making the new issue or transfer, is a question upon which, as far as we know, there has been no legal decision. We think, upon the whole, that such a requirement, if insisted upon by the officers of the corporation, would be sustained by the courts. In the case of the issue of new certificates, or of a transfer to another person, it seems to us a safe and convenient practice to require an indorsement of the old certi-

cate surrendered, as evidence is thereby easily preserved that what has been done in respect to the stock has been done with the consent of the stockholder. We think that such a requirement, even if not legally necessary, would be regarded by the courts as a reasonable and proper regulation to be made by the corporation for the conduct of its business, which the stockholder would be bound to obey in most cases. We do not see that the presence or absence of the stockholder from the bank at the time of the exchange or transfer can affect the legal rights of the parties one way or the other. Of course, the transfer upon the books of the corporation would ordinarily require the presence of the stockholder.

Our correspondent will find the general subject well discussed in *Lowell's Transfer of Stock in Private Corporations*, a work published by Little & Brown, of Boston, in 1884. The questions raised by the inquiry, however, as to the right to *require* an indorsement of the certificate, are not considered in the work referred to, as they are not such as are likely to be made the subject of actual litigation.

#### V. SHOULD A BANK DISCLOSE THE STATE OF ITS CUSTOMER'S ACCOUNT?

1. A has a check against the bank signed by B, whose balance is less than the amount of the check held by A. Has A a right to deposit the difference to B's credit and demand payment of the check, and has the bank a right to accept A's deposit and pay the check?

2. A has a check against a bank which is signed by B, but B's balance is a trifle less than the amount of the check. A leaves the check for collection. Has the bank a right to hold B's balance to pay A's check against B's account?

3. D is in the habit of having his notes charged to his account as they mature without special orders. C holds a note signed by D which he deposits in D's bank for collection. On the day that the note matures, at the close of business, when it is customary to determine whether D has sufficient balance to pay his notes, it is found that D's balance is not quite enough to pay C's note. Has the bank a right to consider the note paid, enter on its books an over-draft against D, and, on C's making the over-draft good, when he calls for the proceeds of the note, pay to C the amount of the note?

REPLY.—1. As this question is put, it must be answered in the affirmative. We know of no rule of law which would prevent A from making any deposit he pleases to the credit of B, or which would prevent the bank from receiving it; and if, in this way, B's balance is made large enough to meet a check, which is then presented and paid, we do not see how B is injured. If, however, in the course of the operation the bank discloses to A the state of B's account, and in consequence of that disclosure, A is enabled to deposit the precise sum necessary to make B's balance equal to the check, the question arises whether such disclosure by the bank is a breach of the duty which it owes to B, its depositor; and this is the question which we presume the inquirer intends to ask. The answer to it is doubtful on the authorities. In England an action for damages has been maintained under similar circumstances by a depositor against his bank, upon the theory that there is an implied obligation upon the bank, arising from the relation of the parties, not to disclose the state of its customer's account. *Foster v. Bank of London*, 3 F. & F. 214. The authority of this decision is much weakened by a later case, *Hardy v. Veasey*, L. R. 3 Ex. 107, where it is

said that the bank may disclose the state of its customer's account upon a reasonable and proper occasion. In this country there has been no decision upon the point as far as we know. In *Morse on Banking*, p. 57, the subject is referred to and the authorities bearing upon it are cited, but the author, without positively saying so, is evidently of the opinion that the bank is under no such duty as that contended for. In our opinion this is the correct view of the matter. For many, if not most, purposes the relation between the bank and its depositor is like that of debtor and creditor, and we do not see how, a disclosure of the amount of the bank's debt due the depositor at any particular time, can be a legal injury to him, any more than a similar disclosure by any other debtor would be.

2. Ordinarily when such a check is presented by A for payment, or for deposit to his credit, the bank is bound to determine at once whether it will refuse payment, as it may properly do, or whether it will pay the check; and if it passes the amount of the check to A's credit without objection, as the check is drawn upon the same bank, this is payment. If, however, A and the bank agree that what is done shall not, as between them, be treated as a presentment of the check, but that the bank shall be regarded as holding the check for collection as the agent of A, then, we think, the bank so holding the check, has no greater rights against the debt due from the bank to B on deposit account, than A himself has, and that the bank, as such holder, cannot claim a lien upon B's balance or hold B's balance to pay it. We do not see, however, in what way the question can arise, unless while the check is so held, another check small enough to be discharged in full from B's balance should be presented. Mr. Morse says, p. 266: "The duty of the bank in such a case has never been judicially determined, yet upon general principles little doubt can be entertained but that the bank should cash this latter check. The fact of presentment for payment of an overdraft appears to have no legitimate effect whatsoever upon the balance of the customer. It creates no lien upon it of any description. No sound reason suggests itself why it should be regarded as affecting it at all." And although the bank may have a lien upon its depositor's balance for all debts due to itself, we see no principle upon which it can exercise this lien for A's benefit, when it has paid nothing on the check, and as between itself and B there is no indebtedness on account of it. Indeed B himself cannot ordinarily be sued upon the check until after presentment, dishonor and notice to him.

3. It has been held in Massachusetts, where this question arises, that merely making a note payable at a bank, where the maker has a deposit, does not of itself, and without more, authorize the bank to pay the note at maturity out of the deposit. *National Exchange Bank v. National Bank of North America*, 132 Mass. 147; but in a case like this, where the depositor was in the habit of having his notes paid and charged to his account without special orders, an authority to pay would be inferred from the course of business; *Morse on Banking*, p. 37, and cases cited. The right of the bank to pay the note and charge the difference between the amount of it and the balance standing to D's credit, as an overdraft, is the same as it would be in the case of a check, about which there can be no question in such a case. If the bank afterwards obtains payment of the overdraft from C, it is difficult to see how D has any ground of complaint.

## BANKING AND FINANCIAL ITEMS.

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THE AMERICAN BANKERS' ASSOCIATION will hold their next convention at Chicago on September 23 and 24. It is desired to make the discussions this year practical, the addresses brief, and the resolutions fruitful of good results. The coming convention has already elicited an extensive correspondence, and important topics have been suggested. Prominent upon the list are the silver problem and its labor aspects, with the remedial expedients and the fundamental conditions of final adjustment or temporary solution; the causes and control of panics; the safeguards against losses by defalcation; the decline in the rate of interest, with its effects on the banks and business of the country; the basis of bank circulation; the recent and prospective fluctuations in the metallic reserve of the Treasury; the practical means of sound bankruptcy legislation; the strength and the weakness of the banking system at present as compared with former periods; the statistics and indications of clearing-house movements throughout the country. The headquarters of the executive council will be at the Grand Pacific Hotel, Chicago, and on Wednesday evening, September 23, from 7 to 9 P. M., the usual reception will be held, all the delegates being invited to be presented to the president and executive council.

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**TAXATION OF BANK SHARES.**—A meeting of bank officers was recently held at the Clearing-house, at which, after argument of counsel and discussion of the subject of bank taxes, a committee was appointed, consisting of John J. Knox, President of the National Bank of the Republic; E. D. Randolph, President of the Continental National Bank, and W. P. St. John, President of the Mercantile National Bank, to consider the advisability of bringing a suit to prevent the collection of bank taxes, in view of the recent decision of the Supreme Court of the United States in the case of *Boyer vs. Boyer*. At a subsequent meeting a report was read and submitted, and ordered to be printed. Section 5,219 of the Revised Statutes of the United States provides "that nothing in the National Bank Act shall prevent all the shares in any National association from being included in the valuation of the personal property of the owner or holder of such shares in assessing taxes imposed by the authority of the State in which the association is located, but that the Legislature of each State may determine and direct the manner and place of taxing all the shares of National banks, subject only to two restrictions," the first of which is the point at issue, viz., "That the taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of the individual citizens of such State." The National banks complain that the laws of certain States permit modes of assessment by which shares in their banks are valued higher in proportion to their real value than is other capital. The case of *Boyer against Boyer*, which arose in Pennsylvania, determined for the first time what species of moneyed capital was meant by Congress in the section quoted, and also what portion of such species must be exempted from State taxation to work the exemption of National bank shares. The laws of New York are closely analogous to the laws of Pennsylvania on this subject. The committee says, in its report: "Of the moneyed capital exempt from tax by the law of this State, the shares of stock of railway companies, street railway, ferry, and canal com-



panies, fire and life insurance, trading, and other miscellaneous companies, according to official figures, exceed in value \$250,000,000. The moneyed investments of life insurance companies, exclusive of United States bonds, are, by official figures, \$196,000,000, and the deposits in Savings banks, \$429,000,000. . . . The total moneyed capital in the State in the hands of individual citizens is estimated to be at least \$1,778,000,000, of which not more than \$262,000,000 is taxed. The proportion of taxable property is about 15 per cent. while the moneyed capital which escapes taxation entirely is 85 per cent. The conclusion of your committee is that these facts present a much stronger case than the facts presented in the case recently decided by the Supreme Court in Pennsylvania, and they have but little doubt that if they are properly presented to the Supreme Court, a favorable decision will be obtained. We are advised by counsel that a suit in the United States Courts would probably result in an injunction restraining the Commissioners from collecting the taxes assessed for the current year, and from further similar assessments in the future, and that upon appeal, if taken to the U. S. Supreme Court, this injunction would be made permanent. . . . The effect of the Pennsylvania case, and the advantages likely to result to the banks of New York City by the application of the principles of that case, were brought to our attention by counsel who represented the Pennsylvania Bank in that case, and by associated counsel, and they have furnished us with much of the data upon which this report is based. Your committee believe that an arrangement can be made with these gentlemen to prosecute a suit on behalf of the banks of New York for a small retainer and a contingent fee of a percentage of the amount of the first year's tax saved, such fee to be paid if the injunction is received and accepted by the Commissioners, or when made permanent on appeal."

The committee has been advised by counsel that a suit in the United States Courts would probably result in an injunction restraining the Commissioners from collecting the taxes on National bank shares assessed for the current year, and from further similar assessments in the future. Under existing statutes, banks organized under the laws of the State of New York are entitled to receive the same benefits as the National banks from any favorable decision in reference to taxation. The committee, therefore, recommends that a joint suit be undertaken, and that counsel be engaged to conduct it upon a retainer of \$100 from each bank, and a contingent fee of not exceeding one-tenth of one year's saving of tax.

**MR. WARNER'S SILVER COINAGE PLAN.**—*First.*—Issue certificates on the deposit of silver bullion at its market price at the time of deposit, expressed in dollars, which shall stand as the declared value of the certificates while in the hands of the public. The average value of silver for the previous month might be taken as the market value at the time of deposit.

*Second.*—Such certificates to be made legal tender for all purposes except in transactions between private parties.

*Third.*—They shall be redeemable in lawful money, or at the option of the Government in silver bullion at its market price at time of redemption. When received into the Treasury for dues to the Government or redeemed in lawful money, they shall be held and paid out again as other currency; but when redeemed in silver bullion, to be canceled and destroyed.

*Fourth.*—The coinage of silver to be suspended until required again to meet an actual demand for silver dollars. On the coinage of any bullion the certificate representing the bullion shall be canceled and destroyed.

*Fifth.*—Fractional silver, or at least the half-dollar pieces, to be made full weight and full legal tender and the redemption of subsidiary silver to be discontinued.

*Sixth.*—Withdraw the one and two-dollar legal-tender notes without reducing the total volume of greenbacks; also the five-dollar bank note and issue one, two and five-dollar coin notes, based on the silver dollars now coined, dollar for dollar.

*Seventh.*—Redeem and recoin the trade dollar into standard dollars or fractional coin.

NEW YORK.—The directors of the Union National Bank of New York declare that after careful deliberation, taking into consideration the condition of business, the monetary situation, low rate of interest, high percentage of taxation, and liability of loss and expense, they have unanimously concurred in the opinion that a larger sum per share can be realized by placing the bank in voluntary liquidation than by continuing business. They hold that should the vote be in favor of liquidation they will be able to return to the shareholders, on or before September 1, 1885, the capital, \$1,200,000, and, at as early periods as possible thereafter, to make distribution of the surplus, which it is estimated will amount to at least 65 per cent. additional. The board owns about 9,000 shares of stock. The following views of a financial officer who stands high in banking circles said: "The true cause of the bank's resolution is this: The Union was once a great broker bank—that is, it received and paid considerable attention to brokers' accounts. When the law of 1882 was passed, by which certification of checks in National banks was prohibited, the bank's business began to decline, and Mr. De Witt C. Hayes, now President of the Manhattan Banking Company, soon afterwards took away from the Union institution, with which he was then connected, a number of first-class accounts and left them the rest. A brokers' bank, under the certification law, cannot expect to receive the same profits or consideration as under the old law."

Wm. H. Male, the Union Bank's president, is reported as saying: "The reasons for the action of the board of directors are chiefly stated in our circular. It was thought, taking everything into consideration, that the shareholders would prefer the larger percentage of profit which would accrue from the bank's going into liquidation than have it remain in business. Some of the directors are old and want their capital and profits. The bank is in such good condition that liquidation is profitable. Our charter expired on June 7, but we continued business. The bank was organized in 1806, and its first president was Thomas F. Jackson. It was then in New Jersey, but in 1811 was removed to New York. During the war it was a strong supporter of the Government. Seven years ago, to avoid taxation, the capital was reduced from \$1,500,000 to \$1,200,000, and 40 per cent. premium was paid. During twenty years our dividends have amounted to 199 per cent., 10 per cent. a year, you see. I have no reason to think that other banks will go into liquidation."

BANK SALARIES.—Mr. George Hague, the able General Manager of the Merchants' Bank of Canada, has written a letter to the Montreal *Star* on this subject, in which he says: Banking is a profession that requires many years of continued application to learn it. For the first few years the services of any clerk are of comparatively small value. A banking institution, in teaching a young man his profession, confers more upon him than it receives from him. The salary of Bernard, after three years' service, was \$450. My own salary in an English bank after the same period was \$150. I have little doubt that the experience of other men who, after thirty or forty years' service, are high up in the profession, was in the beginning similar to this. After the first few years the advancement of men depends upon their ability to serve the institution; and, speaking broadly and generally, we may depend upon it that men mostly receive what they are worth. The higher salaries named in your issue are just as well earned as the lower ones. The men who get \$10,000 a year and upwards, render that amount of service in return for it, or they would not get it. The young men occupying lower positions have only to work steadily, intelligently, and with ability, and in time they, too, will be on the higher rounds of the ladder. There may be occasional exceptions, but this is the rule, and it cannot be otherwise. The mere instinct of self-preservation would dictate it, even if other influences pulled it the contrary way.

KENTUCKY.—Mr. A. L. Schmidt, for a long time cashier of the First National Bank of Louisville, Ky., has been elected president of that institution. Mr. Schmidt's well-earned reputation as a bank officer richly merits this recognition.

**COMMERCIAL NATIONAL BANK OF NEW YORK.**—This bank commences business July 1, at the corner of Wall and Pearl Streets, under specially favorable auspices. Its board of directors consists of some of the leading east-side merchants, among whom may be mentioned James E. Ward, of Jas. E. Ward & Co.; Michael P. Grace, of W. R. Grace & Co.; E. B. Bartlett, of E. B. Bartlett & Co.; J. D. Kurtz Crook, of J. D. Kurtz Crook & Co.; Alden S. Swan, of Swan & Finch; Harry L. Horton, of H. L. Horton & Co.; K. M. Murchison, of Murchison & Co., and William Brookfield. Mr. Orson Adams, its President, for many years occupied the position of National Bank Examiner, and lately resigned the position of Vice-President of the National Bank of the Republic to accept the Presidency of the Commercial National. Mr. W. W. Flannagan, the Cashier, has had an experience of twenty years as a bank cashier, and was selected by Mr. Adams from among the cashiers in his district as National Bank Examiner to fill this position.

**EXTRADITION LAWS.**—As the extradition treaty affords no recourse against officials who default in the United States and take refuge in Canada, Mr. D. J. Tompkins, the New York secretary of the Guarantee Company of North America—a Canadian corporation insuring the honesty of employees in this country—said recently, in response to the inquiry if any remedy was possible in such cases under the Canada laws: "So far as I am aware, the only recourse possible in Canada against embezzlers from this side of the line is in cases where the person or institution affected by the fraud is a subject or has a corporate existence within British territory. Under these circumstances, although the fugitive embezzler cannot be extradited or punished on a criminal proceeding, still he can be dealt with severely on a civil process, in which he is amenable to arrest. For instance, if an employee within the United States, whose honesty is guaranteed by the bond of this company, embezzles the funds of his employer and escapes to Canada, this company, by virtue of its Canadian character, and under the Canada laws, can effect his arrest on a warrant obtained in a civil suit brought against him for debt by the company as his injured surety. And a debtor's jail is not much pleasanter than that for criminals, while quite as difficult to get released from."

**Chicago.**—United States Commissioner Hoyne decided that young Bernard, who embezzled the funds of the bank of Montreal, could not be extradited, it not having been clearly proved that his offence came within the limits of the extradition treaty, if he had been guilty of any offence at all. Immediately after Bernard had left the court room in company of his highly elated relatives, he was again arrested on a capias issued by the Superior Court, in a suit entered against him by the Bank of Montreal for the recovery of \$2,485. The attorneys for the bank—or rather the Guarantee Company of North America, which, having insured Bernard's honesty, and having made good his speculations, is the real sufferer—say they do not expect to realize any pecuniary advantage from the suit, but are desirous to severely punish Bernard, whom they characterize as incorrigible. Mr. Rawlings, Managing Director of the Guarantee Co., says that the Guarantee Company does not allow either malice or sympathy to enter into its dealings with absconding defaulters whom it has bonded, and makes no exception in its usual course toward them. It is part of the programme, well understood by the employees, that in the event of their default they will be relentlessly pursued, and made examples of, whatever the cost and however remote the opportunity may come around, as surely it does sooner or later. In the case of Bernard the usual policy has been adopted.

**NEBRASKA.**—At a meeting of the Directors of the Nebraska National Bank, held May 25th, Mr. Kent K. Hayden resigned as acting cashier, to enter upon his duties of National Bank Examiner for the district of Nebraska and Kansas. The following resolution was adopted: Resolved, "That this Board receive and accept with regret the resignation of Mr. Hayden, and desire hereby to place on record their appreciation of the fidelity and zeal he has always displayed for the interests of the Bank since its organization; and they entertain the hope that the opportunity for out-door air given in his new employment will afford him the improved health he seeks. Mr. W. H. S. Hughes was elected cashier, and enters upon his duties at this date. Mr. Hughes has been connected with the First National Bank of Omaha since its organization, and prior thereto was with Messrs. Kountze Bros., beginning service with them in 1859,

DETROIT.—Articles of incorporation of the Preston Bank of Detroit have been filed. The new organization will succeed to the old-established business of David Preston & Co., and will be officered as follows: President, David Preston; Vice-President, Frederick W. Hayes; Cashier, William A. Bercry. Mr. David Preston, who has been at the head of the old bank since its establishment in 1852, and who has been prominently identified with the banking interests of this State and the Northwest since that year, will be the principal stockholder in the reorganized bank and will continue to devote his time and attention to its business and will give the new organization the full benefit of his many years' experience and practical business sagacity. Mr. F. W. Hayes, the Vice-President, is well known as a successful bank officer of twenty years' experience, covering a period as teller in the old Second National Bank, and cashier for eight years of the Merchants and Manufacturers' National Bank of this city. In organizing the Detroit Clearing-house Association Mr. Hayes was one of the most active participants and has been its manager since its organization in February, 1883. He has also been active in other reforms in Detroit banking, and has proved himself energetic and enterprising. With his well-known practical banking ability he will be a valuable acquisition to the new bank. Mr. W. A. Bercry, who has been connected with David Preston & Co. for the past fifteen years, three years of which time he has been cashier, will fill the responsible and important position of cashier of the new institution. He is popular and thoroughly conversant with all the departments of a bank, has many friends in the business community and is well known in banking circles as an active, conservative and efficient bank officer. The capital of the new bank will be \$100,000, paid up, which will be increased as the demands of business require. With ample facilities the bank will transact a general banking business in all its branches, and will also pay particular attention to the purchase and sale of first-class investment securities, in which the old firm have been extensive dealers since 1860, including commercial paper. Its foreign exchange department will also be complete.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from June No., page 956.)

3345	People's National Bank.....	H. H. Taylor,		
	Clay Center, KAN.	F. H. Head,	\$ 50,000	
3346	First National Bank.....	Ed. J. L. Green,		
	San Marcos, TEX.	Gabe F. Kerr,	50,000	
3347	Norfolk National Bank.....	Charles P. Mathewson,		
	Norfolk, NEB.	Lewis Ley,	60,000	
3348	First National Bank.....	Isaac V. Gilbert,		
	Riverside, CAL.	Azro H. Naftzger,	50,000	
3349	Citizens' National Bank.....	Alfred D. Leet,		
	Watertown, DAK.	Walter D. Morris,	50,000	
3350	Miami Co. National Bank.....	J. W. Sponable,		
	Paola, KAN.	Wm. Crowell,	100,000	
3351	Winfield National Bank.....	H. B. Schuler,		
	Winfield, KAN.	E. T. Schuler,	100,000	
3352	First National Bank.....	Henry C. Sessions,		
	Columbia, DAK.	Chas. A. Baker,	50,000	
3353	First National Bank.....	Jacob Campbell,		
	Minneapolis, KAN.	J. S. Adair,	50,000	
3354	First National Bank.....	George Wyman,		
	Longmont, COL.	Thos. Butler,	50,000	
3355	First National Bank.....	J. R. Lewis,		
	North Yakima, W. TER.	A. W. Engle,	50,000	
3356	First National Bank.....	Henry Hice,		
	Beaver Falls, PA.	Patrick Robertson,	50,000	
3357	American Exch. National Bank.	A. H. Dey,		
	Detroit, MICH.	Geo. B. Sartwell,	400,000	
3358	Topton National Bank.....	John N. Jacobs,		
	Topton, PA.	Jas. M. Slifer,	50,000	
3359	Commercial National Bank.....	Orson Adams,		
	New York City.	W. W. Flannagan,	300,000	

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from June No., page 954.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y. CITY.....		Commercial Nat'l Bank..	
	\$ 300,000	Orson Adams, <i>Pr.</i>	W. W. Flannagan, <i>Cas.</i>
CAL....	Riverside .....	First National Bank.....	
	\$ 50,000	Isaac V. Gilbert, <i>Pr.</i>	Azro H. Haftzger, <i>Cas.</i>
COL....	Longmont.....	First National Bank.....	
	\$ 50,000	George Wyman, <i>Pr.</i>	Thos. Butler, <i>Cas.</i>
" ..	Salida.....	Continental Divide B'k...	
CONN...	Hartford .....	City Bank.....	Fourth National Bank.
	\$ 550,000	G. F. Davis, <i>Pr.</i>	C. T. Welles, <i>Act'g Cas.</i>
DAK....	Columbia.....	First National Bank.....	First National Bank.
	\$ 50,000	H. C. Sessions, <i>Pr.</i>	Chas. A. Baker, <i>Cas.</i>
" ..	Watertown.....	Citizens' National Bank..	National Park Bank.
	\$ 50,000	Alfred D. Leet, <i>Pr.</i>	Walter D. Morris, <i>Cas.</i>
FLA....	Jacksonville....	State Bank of Florida....	National Park Bank.
	\$ 50,000	H. A. L'Engle, <i>Pr.</i>	W. N. Baker, <i>Cas.</i>
IND....	Rockport.....	Rockport Bank.....	
	\$ 65,000	T. R. Hardy, <i>Pr.</i>	W. T. Mason, <i>Cas.</i>
IOWA...	West Bend.....	Lacy & Morris.....	Boody, McLellan & Co.
KANSAS.	Ashland.....	Clark County Bank.....	
		I. P. West, <i>Pr.</i>	Geo. Theis, Jr., <i>Cas.</i>
" ..	Clay Center....	People's Nat'l Bank.....	
	\$ 50,000	H. H. Taylor, <i>Pr.</i>	F. H. Head, <i>Cas.</i>
" ..	Great Bend....	Farm. & Merch. Bank....	First National Bank.
" ..	Minneapolis ..	First National Bank.....	Chemical National Bank.
	\$ 25,000	Jacob Campbell, <i>Pr.</i>	Jas. S. Adair, <i>Cas.</i>
" ..	Ness City.....	Ness Co. Bank.....	Gilman, Son & Co.
" ..	Paola.....	Miami Co. Nat'l Bank....	Chase National Bank.
	\$ 50,000	J. W. Sponable, <i>Pr.</i>	Wm. Crowell, <i>Cas.</i>
" ..	Winfield.....	Winfield Nat'l Bank.....	American Exchange Nat'l Bank.
	\$ 100,000	H. B. Schuler, <i>Pr.</i>	E. T. Schuler, <i>Cas.</i>
MICH...	Cheboygan ....	H. A. Wetmore's Bank...	Ninth National Bank.
" ..	Detroit.....	Preston Bank.....	Imp. & Traders' National Bank.
	\$ 100,000	David Preston, <i>Pr.</i>	Wm. A. Bertry, <i>Cas.</i>
" ..	Detroit.....	American Exch. N. B....	
	\$ 400,000	A. H. Dey, <i>Pr.</i>	Geo. B. Sartwell, <i>Cas.</i>
" ..	Mancelona.....	A. Young & Sons.....	Ninth National Bank.
NEB....	Blue Springs...	Gage Co. Bank.....	Kountze Bros.
	\$ 10,000	O. N. Wheelock, <i>Pr.</i>	Eugene Wheelock, <i>Cas.</i>
" ..	Franklin.....	State Bank .....	Kountze Bros.
	\$ 50,000	Jas. F. Zediker, <i>Pr.</i>	Geo. A. Way, <i>Cas.</i>
" ..	Norfolk .....	Norfolk Nat'l Bank.....	Chemical National Bank.
	\$ 40,000	Charles P. Mathewson, <i>Pr.</i>	Lewis Ley, <i>Cas.</i>
" ..	Republican City	State Bank .....	American Exchange Nat'l Bank.
		Geo. W. Burton, <i>Pr.</i>	B. D. Mills, <i>Cas.</i>
N. Y....	Mount Vernon..	Bank of Mount Vernon. .	National Park Bank.
	\$ 25,000	Gouverneur Rogers, <i>Pr.</i>	Jesse Lantz, <i>Cas.</i>
" ..	Rochester.....	Union Bank.....	National Park Bank.
	\$ 200,000	Gilman H. Perkins, <i>Pr.</i>	A. E. Perkins, <i>Cas.</i>
PENN...	Beaver Falls....	First National Bank.....	
	\$ 50,000	Henry Hice, <i>Pr.</i>	Patrick Robertson, <i>Cas.</i>
" ..	Topton.....	Topton National Bank...	
	\$ 50,000	John N. Jacobs, <i>Pr.</i>	Jas. M. Slifer, <i>Cas.</i>
TEX....	San Marcos....	First National Bank.....	S. M. Swenson & Sons.
	\$ 50,000	Ed. J. L. Green, <i>Pr.</i>	Gabe F. Kerr, <i>Cas.</i>
WAS. T.	North Yakima..	First National Bank.....	Imp. & Traders' National Bank.
	\$ 50,000	J. R. Lewis, <i>Pr.</i>	A. W. Engle, <i>Cas.</i>
WIS....	Medford.....	Brucker, Ludloff & Co....	
CANADA	Winnipeg.....	Commercial Bank.....	
		Duncan MacArthur, <i>Pr.</i>	Wm. L. Boyle, <i>Mgr.</i>

## CHANGES OF PRESIDENT AND CASHIER.

*(Monthly List, continued from June No., page 956.)*

<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY.—Chase National Bank.....	C. C. Slade, <i>Cas.</i> .....	I. W. White.
" " Continental Nat'l Bank..	Alfred H. Timpson, <i>Cas.</i>	Fred. Taylor.
" " Leather Mfrs. Nat'l B'k....	I. H. Walker, <i>Cas.</i> .....	D. L. Holden.*
" " New York Co. Nat'l B'k.	Francis L. Leland, <i>Pr.</i> ...	F. Leland.*
COL.... First National Bank, Greeley..	A. J. Park, <i>Ass't Cas.</i> .....	.....
DAK.... First National Bank, Huron....	J. W. Mackenzie, <i>A. C.</i> .....	.....
" " Citizens' N. B., Madison.....	Jos. Opperned, <i>Ass't Cas.</i>	.....
" " Citizens' N. B., Watertown....	O. E. Deway, <i>V. Pr.</i> .....	.....
ILL.... National City Bank, Ottawa...	E. C. Allen, Jr., <i>Cas.</i> .....	.....
IND.... Citizens' N. B., Muncie.....	A. L. Kerwood, <i>Pr.</i> .....	G. W. Spilker.
KAN.... First National Bank,	{ D. P. Abbott, <i>V. Pr.</i> .....	.....
	Osborne, }	Frank Knox, <i>Ass't Cas.</i> F. R. Knot.
MASS... Franklin Co. Nat'l Bank,	{ Henry K. Simons, <i>Pr.</i> ...	J. Keith.
	Greenfield, }	Ambrose M. Thayer, <i>Cas.</i> H. K. Simons.
" " Merchants' N. B., Newburyport.	P. H. Blumpey, <i>V. Pr.</i> .....	.....
" " Berkshire N. B., North Adams.	James Hunter, <i>Pr.</i> .....	J. Rockwell.*
" " First Nat'l B'k, North Easton..	Cyrus Lothrop, <i>V. Pr.</i> .....	.....
MICH. . First Nat'l Bank, Albion.....	W. O. Donoghue.....	.....
" " First Nat'l Bank, Kalamazoo....	Latham Hull, <i>Pr.</i> .....	R. S. Babcock.
NEB.... First Nat'l Bank, David City	J. G. Ross, <i>Cas.</i> .....	J. W. Gross.
" " First Nat'l B'k, North Auburn..	Church Howe, <i>V. Pr.</i> .....	.....
" " Nebraska National B'k, Omaha.	W. H. S. Hughes, <i>Cas.</i> ...	Kent K. Hayden.
" " First Nat'l Bank, Orleans.....	M. F. Burton, <i>A. C.</i> .....	.....
N. J.... Wellington Co. N. B., Medford.	A. P. Stackhouse, <i>Pr.</i> .....	F. C. Doughten.
N. Y.... Nat'l Commercial B'k, Albany.	Robert C. Pruyn, <i>Pr.</i> .....	Daniel Manning.
" " Sprague Nat'l B'k, Brooklyn...	F. R. Smith, <i>Cas.</i> .....	H. C. Copeland.
" " First Nat'l Bank, Canandaigua.	Henry S. Pierce, <i>V. Pr.</i> ...	Robert Chapin.
" " National Bank of Norwich,	{ Warren Newton, <i>Pr.</i> .....	B. B. Andrews.
	Norwich, }	Howard Newton, <i>Cas.</i> W. Newton.
" " Exchange Nat'l B'k, Orlean....	F. L. Bartlett, <i>Ass't Cas.</i>	.....
" " People's Nat'l Bank, Salem....	Chas. Lyon, <i>Pr.</i> .....	L. Fraser.
N. C.... First Nat'l Bank, Wilson.....	F. A. Woodard, <i>V. Pr.</i> ...	E. Rosenthal.
OHIO... Citizens' Nat'l Bank, Piqua....	Wm. P. Orr, <i>Pr.</i> .....	G. Volney Dorsey.*
OREGON First Nat'l Bank, Salem... ..	J. Reynolds, <i>V. Pr.</i> .....	W. N. Ladue.
PA..... Columbia Nat'l B'k, Columbia.	Jas. A. Meyers, <i>Pr.</i> .....	S. Shoch.
" " Nat'l Bank, of Kennett Square.	E. B. Darlington, <i>Pr.</i> ...	John Marshall.*
" " First Nat'l Bank, Lebanon....	John H. Hoffer, <i>Cas.</i> .....	J. W. Mish.
" " First Nat'l B'k, Millersburg....	J. H. Kahler, <i>Cas.</i> .....	F. H. Voss.
R. I.... Ashaway Nat'l B'k, Ashaway..	O. Langworthy, <i>Cas., p. t.</i>	G. N. Langworthy.*
" " Commercial N. B., Providence.	Daniel E. Day, <i>Pr.</i> .....	D. Day.
" " Providence N. B., Providence..	A. R. Matteson, <i>Cas.</i> .....	B. W. Ham.*
S. C.... Winnsboro National Bank,	{ G. H. McMaster, <i>Pr.</i> .....	W. R. Robertson.
	Winnsboro, }	A. S. Douglas, <i>V. Pr.</i> G. H. McMaster.
TEX.... First Nat'l Bank, San Marcos..	J. W. Herndon, <i>V. Pr.</i> ...	.....
Vt..... Howard N. B., Burlington.....	F. H. Fisher, <i>Ass't Cas.</i> ...	T. C. Pease.
VA..... People's N. B., Charlottesville	{ Geo. Perkins, <i>Pr.</i> .....	C. H. Harman.
		C. H. Harman, <i>Cas.</i> W. W. Flannagan.
		John P. Harman, <i>A. C.</i> .....
W. VA.. Nat'l B'k of W. Va., Wheeling.	E. W. Oglebay, <i>Pr.</i> .....	Jas. Maxwell.*
WAS. T. First Nat'l Bank, Seattle.....	I. R. Lewis, <i>V. Pr.</i> .....	.....
Wis.... Ashland Nat'l Bank, Ashland..	N. J. Willey, <i>Cas.</i> .....	J. T. Gregory.

\* Deceased.

## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from June No. page 957.)*

ALA....	Florence.....	J. B. White; now Young & White.
CAL....	Tulare.....	Tulare Co. Bank; suspended.
COL....	Longmont.....	D. Stickney Bank; succeeded by Bank of Longmont.
" ..	Rico.....	Bank of Dolores (John Bissell); closing up business.
CONN....	Hartford .....	City National Bank; now City Bank.
" ..	Tolland .....	Tolland Co. Nat'l Bank; expired by limitation.
DAK....	Aberdeen.....	Bank of Aberdeen; closing up business.
" ..	Columbia.....	State Bank of Dakota; now First National Bank.
" ..	Scotland.....	Commercial Bank (H. M. Montelius); sold out.
ILL....	Troy .....	Troy Exchange Bank (J. I. Dilliard); closed.
IND....	Rockport .....	Citizens' Bank; succeeded by Rockport Bank.
IOWA....	Dunlap.....	Dunlap City Brokerage & Coll. Bank; closed.
KAN....	Augusta.....	John Reid; succeeded by Farmers' State Bank.
" ..	Carbondale....	Carbondale Bank; assigned June 13.
" ..	Great Bend .....	Barton Co. B'k; succeeded by Farm. & Merchants' Bank.
" ..	Paola.....	Miami Co. B'k; now Miami Co. National Bank.
" ..	Winfield.....	Winfield Bank; now Winfield National Bank.
MD....	Baltimore.....	Bonsal & Hoogewerff; dissolved.
MICH...	Detroit .....	David Preston & Co.; succeeded by the Preston Bank.
MO....	Neosho.....	Bank of Neosho; now First National Bank.
NEB ....	Franklin.....	Farmers' Bank; succeeded by State Bank.
" ..	Hooper ..	Hooper B'k (Lyman & Richards); now T. W. Lyman, prop.
" ..	Louisville.....	Louisville B. (Manker & Manker); now Frank Stander, prop.
N. Y....	Rochester .....	Erickson, Jennings & Co.; now Union Bank.
OHIO....	De Graff.....	Farm. & Merchants' B'k (Geo. Stuts); closing up business.
" ..	Shiloh.....	Exchange Bank (N. J. Shupe); now Smith & Ozier, props.
R. I....	Cumberland..	Cumberland National Bank; winding up business.
TEX...	Brenham .....	Bassett & Basset; failed.
" ..	San Marcos.....	Edwin J. L. Green; succeeded by First National Bank.
" ..	Weimar.....	Hill & Holloway; going out of business.

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**OBITUARY.**

Mr. AMASA R. CONVERSE, who died at the Fifth Avenue Hotel in New York, on the 10th of June, was born in Windsor, Mass., in 1841. He was reared on a farm, educated in the common school, completing an academic course at Barnaston, Vt., and subsequently a business course in Eastman's business college as a student; after which he came to Chicago and took a position in a business college as a teacher, where he remained about a year, when he came to Omaha and started in the crockery business, about 1863. Mr. Converse continued this business at the latter place for some four years, when he was attracted by the West, which was then being opened up by the construction of the Union Pacific Railroad and just prior to the completion of the road to Cheyenne, he moved thither in 1867, and successfully continued his business for several years, but in 1870 he embarked in the banking business in the First National Bank of this city, of which he was the largest stockholder, and of which he was its president, which position he has held to the day of his death. Mr. Converse has also been largely interested in the live-stock business. Mr. Converse held several positions of public trust—County Commissioner of Laramie County for one term, Territorial Treasurer for several years, and after the death of Gov. Hale, he was mentioned for appointment as his successor.

# FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JUNE, 1885.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in June.				RAILROAD STOCKS.				MISCELLANEOUS.					
GOVERNMENTS.	Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.	Open- ing.	High- est.	Low- est.	Clos- ing.	Open- ing.	High- est.	Low- est.	Clos- ing.
4½s, 1891.....reg.	Mar.	112½	112½	112½	112½	Denver and Rio Grande.....	—	—	—	—	—	—	—
4½s, 1891.....coup.	Quarterly	112½	112½	112½	112½	East Tenn., Va. & Ga.....	5½	5½	4½	14	14	69½	13½
4s, 1897.....reg.	Jan.	112½	112½	112½	112½	Do, pref.....	5½	5½	4½	55½	55½	48½	50½
4s, 1897.....coup.	Feb.	112½	112½	112½	112½	Brie.....	9½	9½	9½	13½	13½	13	13
3s, option U. S. reg.	Jan.	104	105	103	104½	Do, pref.....	125½	125½	124	8½	8½	15½	8½
6s, cur'cy, 1895, reg.	Feb.	127½	127½	127	128½	Homestake Mining.....	—	—	—	11½	11½	7½	11½
6s, cur'cy, 1896, reg.	Jan.	129½	129½	128	128½	Houston & Texas.....	14	14	14	18½	18½	40	18½
6s, cur'cy, 1897, reg.	Jan.	131	131	129½	129½	Illinois Central.....	32	32	31½	17½	17½	2½	17½
6s, cur'cy, 1898, reg.	July.	133½	133½	133	133½	Indiana, Bloom'g. & Western.....	51½	51½	51½	17½	17½	18	17½
6s, cur'cy, 1899, reg.	July.	135½	135½	134½	134½	Louisville & Nashville.....	75½	75½	74½	10½	10½	31½	10½
						Louisville, N. Alb. & Chic.....	29	29	29	85	85	81½	85
						Lake Erie & Western.....	122	122	122	11½	11½	10½	11½
						Long Island.....	95½	95½	94½	53½	53½	49½	52
						Michigan Central.....	96½	96½	95½	59½	59½	59½	61½
						Mil. L. Shi. & West.....	—	—	—	4	4	7	—
						Morris & Essex.....	36	36	32	—	—	—	—
						Missouri Pacific.....	7	7	6	136	136	94	—
						Missouri, Kansas & Texas.....	33	33	29½	—	—	54	51½
						Manhattan Beach Co.....	71½	71½	71½	113	113	110	112
						Manhattan Elevated.....	—	—	—	62	62	61	—
						Metropolitan Elevated.....	—	—	—	106	106	100½	105
						Metropolitan Elevated Ist.....	—	—	—	112	112	111	112½
						Mobile & Charleston.....	—	—	—	108	108	107	—
						Mobile & Ohio.....	—	—	—	66	66	66	—
						Minneapolis & St. L.....	—	—	—	121½	121½	124½	124½
						N. Y. Chic. & St. Louis.....	—	—	—	46½	46½	45½	50
						N. Y. Central & Hudson.....	—	—	—	31½	31½	30½	36
						N. Y. Jersey Central.....	—	—	—	107	107	106½	107
						N. Y. Lack. & Western.....	—	—	—	115½	115½	115½	116½
						Norfolk & Western.....	—	—	—	—	—	121	121
						Norfolk & Western, pref.....	—	—	—	—	—	120	—
						Northern Pacific.....	—	—	—	—	—	—	—
						Nashville, Chat. & St. L.....	—	—	—	—	—	—	—
						N. Y. Ontario & Western.....	—	—	—	—	—	—	—
						Ohio & Mississippi.....	—	—	—	—	—	—	—
						Ohio Southern.....	—	—	—	—	—	—	—



## NOTES ON THE MONEY MARKET.

## A FINANCIAL AND COMMERCIAL REVIEW.

As indicated in our last month's review, June has shown little, if any, improvement in the general business situation, but rather an anticipation of a midsummer's paralysis, worse even than that of a year ago. Of course, the legitimate business of the country is referred to, and not the speculative manipulation on the Stock Exchange by which the holders of unsalable Wall Street wares have marked up prices, and promised still higher ones, to tempt the public to invest its July interest and dividends in anticipation of the traditional "July boom." This, however, has already been more than anticipated, while these "booms" are a thing of the past, which can scarcely be resurrected this year on such a beggarly showing of earnings as our railroads are still making. Yet there have been immense preparations made therefor by the anxious sellers, who have advertised "great bargains" in stocks to such an extent that the public has grown more suspicious of values than ever, knowing from past expensive experience that when these Wall Street manufacturers of stocks think they are cheap they quietly buy themselves, and put them away in "strong boxes," content to draw their dividends or wait for the public to find out their true value. But when they get up a grand combination sale, and advertise throughout the country an immense auction, in the hope of attracting the public to buy, as do the dry-goods manufacturers, they only send good money after bad, have their trouble for their pains and expense, because the public have quit using their goods since the last lot they bought wore so poor, or depreciated on their hands so badly. Hence, while there is a constant demand from investors for securities of roads whose managers have dealt honestly with the investing public in the past, the very glut of uninvested money, on which the manipulators rely for a market, is evidence that owners will allow the accumulations to continue, rather than risk principal for a low rate of interest. Both stocks and bonds are manipulated in the interest of these managers, as well as the railroads themselves, just as the stocks of the great bonanza mines of Nevada were, until the public got out of them to stay out. This is the condition of more than one railroad to-day; while the public is in the same condition as the Pacific Coast when it had been completely "cleared out" of its surplus cash by the "bonanza kings," as the East has been by the "railroad kings."

This much for investors. As for speculators, the "next crop of fools" has not yet been grown, and will not be till the legitimate business of the country has gotten upon its feet again, and people who now have all they can do to keep the soul and body of their legitimate business together, have made a surplus of profit over their real necessities, with which to take "flyers" in the speculative markets. Hence, these Wall Street Cheap Johns will have to hold their "cheap stocks" till an entirely new crop of speculative lambs is born; for the only people who have any money to invest to-day, are those who invested on the last boom to their sorrow, and will invest no more in such stocks. Hence, this.

sixty-three millions of surplus reserve in the banks, notwithstanding most of them have stopped paying any interest at all on deposits. The people who own this idle money have thus shown their determination to keep their principal safe and forego interest until they can find honestly managed property to buy. It is therefore plain that these manipulators will have to make the "July boom" by their own purchases, as they have the advance of the past month, while the banks will continue to accumulate the money that investors are fortunate enough to get on the first of the month.

As to the course of the stock market hereafter, it is of little interest outside of Wall Street, except to the banks who are loaning this money of depositors on stocks which the owners of the money refuse to buy. For their own, and the safety of their depositors, banks should not be deceived as to the real situation of the railroad interests, by these frantic efforts to get the public in as buyers of their shares. It is openly charged, that in order to manipulate the rise of June, the pools bought over the leading bears to the bull side by guaranteeing them against all losses on purchases of their favorites, for thirty days. As a consequence there has been no bear element in the market for most of the month, as the shorts covered and "went long" of the market on these guarantees, and are still holding, as a rule, for the promised "July boom," although the insiders broke the market by selling during the last week of June. After the Fourth of July it is therefore likely that a realizing movement will set in, "boom" or no "boom." Should the pools then stand under and hold the market by taking back all this "long" stock bought on their guarantees, and all that investors here, and in Europe may offer, the June advance may be sustained. But not otherwise; and the banks will then need to look after their margins on stock loans pretty sharply, to the pools which have been making these guarantees on the June purchases made by Wall Street speculators, most of whom are bears, only waiting for this movement to culminate, when they will make a renewed onslaught on the market. It was such buying as this that has been paraded in the organs of the pools as "investment demand from the public."

This is all there appears to be of the stock market, and of the alleged improvement in demand and prices. This is indicated by the increasing paralysis of the money market, and the continued falling off in the earnings and traffic of the great majority of the railroads, many of which are entering the new crop year with a shorter wheat crop than in 1881, when the last boom culminated in their stocks and started them on the down grade.

So far as the other speculative markets were concerned, they have shown very little life or change in prices, except in petroleum. Notwithstanding, they have been mostly free from manipulation, with actual values, in many cases, above the markets, because there were no cash buyers of the stocks on hand, which are yet in excess of the reduced consumption. This has been especially true of wheat, in face of the universal confirmation of the heavy shortage in the winter crop, which, on the lowest estimate, is as great as named in our last issue, namely, one hundred millions of bushels, as compared with last year, while all the wheat-growing countries are two hundred millions of bushels behind last year. This confirms the prediction we made, that the over production of wheat had reached its climax, and that the re-

action would be seen this year, though not felt in prices till the abnormal surplus of the two last crops shall have disappeared from visible supply and stocks. When this will occur, may be judged by the fact that this country is estimated to have enough left from last crop to bring the present one up to an average crop, which would be about seventy millions less than last year's. A similar condition in Europe seems apparent, in the continued indifference of foreign markets to our deficit as well as their own; for exporters have done very little the past month, with the exception of a few days of activity. This state of foreign demand for wheat discouraged the Chicago and New York parties who had bought No. 2 red wheat in this market for June, in anticipation of European demand for that grade, which was in limited supply. Failing in this expectation, they threw their load overboard early in the month, on the break following the definitive peace between England and Russia. Since then no one has had the courage to try to bull the market for more than a "scalping" profit, and it has dragged fearfully, considering the shortage in new crop, and certainty of higher prices before another year. This, and the long-continued dormant condition of the sugar market, as well as the iron and that for dairy products, proves that future values have nothing to do with prices, so long as there is no one to buy the cash stock and pay for it. This is still true of sugar, after the slight advance in London, on the estimate that the European beet sugar crop, which revolutionized the trade during the past four years, would be one million tons less than last crop. Also of dairy products, notwithstanding there has been a moderate reaction from the lowest point upon the first full movement of the new crop early in June; for this trade, like the sugar, has undergone changes in the past few years that seem to be permanent, though they have been overdone, as in wheat, iron and sugar, until a reaction is as certain to follow as it did in 1879. The question is when? But holder of stocks cannot wait for an answer, much less for its fulfillment. Hence, prices drag along below values, and everybody who bulls anything for more than a turn, faces a loss, and sells out rather than hold for the good times coming, but which are a long, long time on the way.

It was partly this, and partly a miscalculation of supplies back in the country, which came forward much more freely than expected early in June, that caused the "June corner" in corn in Chicago, alluded to in our last, to be abandoned. Being advertised so early, it gave the farmers and interior dealers time to avail themselves of the advance and ship in their remaining surplus to an extent the clique were unwilling to buy, and they let off the price. The export demand, at the same time, did not keep to expectations, and the deal was abandoned early in June, like that in wheat, and by the same parties. Oats, also, have been a bear influence on corn, as they have been coming forward from sections that were supposed to have shipped their surplus. As a result there has been a considerable decline, which the new crop prospects have not checked, being very favorable, as, in fact, are nearly all the spring crops. Although the weather has been rather too cool for corn, yet it has been fair, and warm days have equaled the cool. There have been a few complaints from isolated sections of small area, but of nothing like a general drought to hinder or materially harm any of the great crops. The bulls in wheat have had the "bug scare" as usual at this sea-

son, but neither chinch bugs, locusts, Hessian flies, nor grasshoppers have performed according to contract, and the speculators have ceased to rely longer upon them to help them out of their "long load."

Cotton has been growing rapidly all the month throughout the entire cotton belt, and the bulls have been groaning under a stock that can hardly be exported, except at lower prices, before the new crop will be available.

Hence, downward has been the course of prices in that market, while trade has been lifeless, except when stimulated by declines. But there is no snap to the trade, and will not be until the cotton goods trade is more active, or crop damage starts speculation. Coffee has been much like cotton, though in no way a related market, except that the same set of speculators work both; and, when under manipulation, or in the control of manipulators, they sometimes move or drag together without special cause outside of the will or indifference of these moving spirits.

Petroleum stands in a similar relation to the stock market, except when the Standard Oil Company takes it in hand, as it is credited with having done the last week of the month. Crude was then put up from below 80c. to 94c. on a large short interest, well scattered in the trade, which had been growing for three months on a dragging, slow market that had tired out the bulls with carrying charges and driven them over to the bear side, rather than do nothing. Now, they are caught and will likely turn bulls at 94c.; and, after the Standard unloads and breaks the market below 90c., they will sell out and turn bear on the same set of statistics and production.

The iron trade has been very blue during June between the lack of demand, weak prices, and the labor troubles, which are apparently by no means settled yet, though they were supposed to have been by the compromise of the Pittsburgh manufacturers and the Amalgamated Association of Workmen, whose action has always been followed by the Ohio and Western interests as well as those East. Now, however, Ohio has refused to allow Pittsburgh to make terms to bind everybody; and the West generally is expected to join them. Should this movement succeed, there may yet be worse times in this trade before better.

Otherwise the industrial situation is about the same as a month ago, except that the carpet mills and their employees are reported to have compromised their differences upon a secret basis. Coal mining seems to be in a bad way, with the prospect of worse times before the fall trade, and restriction of output by the Anthracite combination is increasing, while the bituminous interests are threatened with a new competitor that is to take the Pittsburgh consumption away *in toto*, as the mills of that city have arranged to use gas from the great natural veins that have been found in such abundance in that vicinity, of late, and may some day revolutionize the coal trade.

As to general business there has been no improvement during June, notwithstanding the fine weather, which was wanting in the spring months, showing that the loss of spring trade has not been made good; while the summer trade, of course, is ended with the Fourth of July, except that connected with summer travel and resorts. The only thing in favor of business that can be said of the incoming month that could not be said of June, is that it is one month nearer fall and the end of this paralysis, which must come some time, if not this year.

The reports of the New York Clearing-house returns compare as follows:

1885.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
June 6...	\$ 296,307,200	\$ 114,600,100	\$ 36,471,200	\$ 364,214,300	\$ 10,116,500	\$ 60,017,725
" 13...	296,837,300	115,183,200	38,691,600	367,595,500	10,137,600	61,979,925
" 20...	298,883,800	114,651,300	40,727,000	371,751,200	9,978,800	62,440,500
" 27...	303,735,500	113,956,600	43,628,700	376,763,500	9,910,700	63,394,425

The Boston bank statement is as follows:

1885.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
May 29.....	\$ 144,026,600	\$ 8,705,800	\$ 4,758,200	\$ 104,373,000	\$ 22,047,700
June 6.....	146,231,300	8,742,400	4,816,700	107,270,700	22,212,200
" 13.....	147,800,900	8,733,000	4,890,600	108,508,400	22,075,100
" 20.....	149,141,500	8,759,900	5,081,300	110,079,000	22,061,400

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1885.	Loans.	Reserves.	Deposits.	Circulation.
May 29.....	\$ 74,513,382	\$ 27,665,667	\$ 77,851,301	\$ 7,612,086
June 6.....	74,356,932	26,898,617	77,395,553	7,484,395
" 13.....	74,218,309	27,734,300	77,616,058	7,499,566
" 20.....	74,655,865	27,176,845	78,041,018	7,433,008
" 27.....	74,432,300	27,160,500	77,524,500	7,412,000

Sterling exchange has ranged during June at from 4.85¼@4.87½ for bankers' sight, and 4.84½@4.86 for 60 days. Paris—Francs, 518¼@516¼ for sight, and 520¾@518¾ for 60 days. The closing rates of the month were as follows: Bankers' sterling, 60 days, 4.84¼@4.84¾; bankers' sterling, sight, 4.85¼@4.85¾. Cable transfers, 4.85½@4.86. Paris—Bankers', 60 days, 520¾@520; sight, 518¼@518½. Antwerp—Commercial, 60 days, 523¾@522½. Reichmarks (4)—bankers' 60 days, 94¼@95; sight, 95¾@95½. Guilders—bankers', 60 days, 40¼@40¾; sight, 40½@40¾.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	June 1.	June 8.	June 15.	June 22.	June 29.
Discounts.....	4¼@6	4¼@6	4¼@6	4¼@5½	4¼@5½
Call Loans.....	1½	1	1	1½@1	1½@1
Treasury balances, coin.	\$ 144,722,171	\$ 147,395,604	\$ 149,490,595	\$ 152,425,127	\$ 155,688,916
Do. do. cur.	\$ 25,474,239	\$ 23,510,299	\$ 22,181,177	\$ 19,887,817	\$ 19,419,918

## DEATHS.

CONVERSE.—On June 9, aged forty-four years, AMASA R. CONVERSE, President of the First National Bank, Cheyenne, Wyo. T.

DORSEY.—On May 23, aged seventy-three years, G. VOLNEY DORSEY, President of Citizens' National Bank, Piqua, Ohio.

DRAKE.—On May 29, G. J. DRAKE, President of the City National Bank, Griffin, Ga.

HAM.—On May 30, aged sixty-eight years, BENJAMIN W. HAM, Cashier of the Providence National Bank, Providence, R. I.

MARSHALL.—On May 23, aged seventy-seven years, JOHN MARSHALL, President of the National Bank of Kennett Square, Pa.

ROBERTSON.—On May 6, WM. R. ROBERTSON, President of the Winnsboro National Bank, Winnsboro, S. C.

WRIGHT.—On June 9, aged eighty-six years, LUTHER WRIGHT, founder of the Luther Wright's Bank, Oswego, N. Y.

THE  
BANKER'S MAGAZINE  
AND  
Statistical Register.

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VOLUME XL.

AUGUST, 1885.

No. 2.

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FAILURES.

The failures for the first half of the year were 6,004, as compared with 5,510 for the same period last year, an increase of 494. The liabilities, however, for the first half of the present year, show a marked decline, amounting to seventy-four millions, while they were one hundred and twenty-four millions for the first half of 1884.

These figures show a marked decrease in the amount of liabilities between the two periods compared of fifty millions. This is the only pleasant feature about the statement. What these failures mean may be readily left to our readers—competition, over-production, heavy business expenses, and a small amount of trade. They also mean capital destroyed and consumed. And how does this come about? The manufacturer sells to the commission house or to the jobber, and the jobber to the retailer, and he to the consumer. The consumer does not pay his bills in consequence of lack of work and money, the retail dealer cannot pay his, nor the jobber his, and the manufacturer, too, finally, goes under. Thus a series of failures occur which are linked together. This loss of capital is a kind of hard and unwelcome equalizer of the wealth of the world. It will not do to suppose that all these losses have occurred through rascality or improvidence. Many of the debts were contracted honestly with the best intention of paying, but failure to obtain work and sell goods, and a general shrinkage of prices, adversity of one kind or another, fires, unfortunate accidents, and the like, have prevented debtors from paying, and so this gloomy mountain of losses appears.

First of all it may be remarked that these losses are borne by

capital. They do not come out of the man who has nothing. It is also true that somebody gains by this transfer of it. The consumer gets the most of it in the end. Yet he would be a much happier man if he could pay his bills as in former times, and keep them within reasonable limits, rather than accumulate them, and finally square accounts by not paying at all, or by paying a portion. Anyhow, he gets what others loose. If he did not, then, in many cases, he would starve or subsist only by the charity of others. These losses, however, extend to all kinds of business, and effect all classes in manifold ways. The indebtedness of the consumer, as we remarked, is to the retailer. His indebtedness is largely to the jobber or to the banks, or to friends who have loaned him money. The jobbers' indebtedness is to the commission house or the manufacturer, or to banks. With the commission house the loss is essentially of the same character as that of the jobber. With the manufacturer his indebtedness is to the banks and to the owners of raw materials. If this raw material be owned by the sellers, they are the losers. If sold on consignment, then the loss finally extends back to the farmer who owns the wool, to the planter who owns the cotton, and to the pig iron manufacturer, and so on all around. Thus the losses which we are now sustaining are distributed in a general and wonderful way, and, of course, in many instances are severely felt. While this is true, they would be felt far more severely if distributed otherwise. The banks probably of all classes of losers can best afford to lose, because in the main the losses come out of a surplus which is accumulated for this very purpose.

The cheerful side of this dismal story is, if we can fairly say that it has a cheerful side notwithstanding these heavy losses, the wealth of our country is constantly augmenting. The balance sheet of every year shows a goodly set of figures on the right side, and so long as they are on the credit side we need not despair and lose heart, and believe that the country is "going to the demnition bow-wows." We can survive these heavy losses a while longer. It cannot be said, by any stretch of imagination, that they are cheerful to contemplate, nevertheless we are making progress. We are surely adding to our wealth, and therefore abundantly able to bear the losses, heavy as they have been.

Messrs. Dun, Wiman & Co. say in their semi-annual report, that it "would be manifestly unsafe to regard the diminishing importance of the failures as a sign of a return to more prosperous times, so much disappointment having been experienced in the past. Predictions, apparently well founded, have been so utterly discredited by the events, that he would be a brave man who would now undertake to prophesy an early return to a better state of things. For, notwithstanding that all the elements of great prosperity are in sight, and that conditions more or less favorable exist in almost

all departments for the profitable prosecution of business, yet the one thing wanting seems never to be attained, and the seasons go by, in which the almost universal report is dullness, want of profit, and prospective depression. Yet it is impossible to conceive that this state of things should become chronic, in a country like this, while everything favors an improved condition. Therefore, it would not be surprising if, with the lessened indebtedness which it is our good fortune to report, there should follow a conclusion that business has a much more hopeful prospect just now than for some years past."

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### RAILROAD DIVIDENDS.

Even the best railroad lines are now experiencing a great shrinkage in their net profits. Those who are dependent on them for living feel the effect of the diminished returns keenly. How long this state of things will continue no one can foretell. The causes are by no means obscure. The hard times, diminished business, fierce competition between rival lines, account for the shrinkage. But we propose to say something concerning the nature and justifiableness of this competition in certain quarters. When the new lines were added between New York and Chicago, it was well enough known there was no occasion for them growing out of a lack of existing transportation facilities. There were enough roads to transport every ton of freight and every passenger. They had, therefore, no justification in reason, and were built simply to sell. They were gigantic speculations and nothing more. The existing roads were wise in seeing the danger and in trying to preserve the value of their properties. They sought to make rates and to abide by them. Not a very high degree of sense was required to teach the companies that if there was not business enough for all, it was better to transport what there was at a fair and uniform price, than to transport it at a loss. So combinations were formed which were justified as clearly as any combinations that ever existed. Unhappily for some of the parties who formed these combinations, they endeavored to be much smarter than the rest, so while attempting to get all they could by virtue of this arrangement, also attempted to get more beside by violating it. We need not single out the parties who deliberately from time to time violated this arrangement. They are well known to the entire country. It was the old story over again of trying to be smarter than your neighbors in getting more than a fair share. The result was just what was clearly foreseen in the beginning. Those who entered into the combination in good faith, getting tired of the repeated frauds and deceptions practiced



on them, finally withdrew from the pool and competition then began with great fierceness, resulting in the transportation of a vast number of persons and a great deal of freight at no profit whatever. This has put an end to dividends and brought things to a crisis.

The violators of the agreement now perceiving what their conduct has brought on themselves, are, it is said, desirous to restore rates and to abide by them, and this it is hoped will be done.

Railroads are no exception to other roads doing business in the world. They ought not to expect to get more than fair returns on their property, and to these they are clearly entitled. In some cases, however, they have tried to get more by engaging in stock watering and other harmful practices, and these have brought on some of the miseries from which they are now suffering.

Another mistake has been made in bonding their roads so heavily. This matter we have discussed in another connection. A large load of debt over a railroad company is a serious thing. After the panic of 1873 set in, thousands of individual fortunes were lost in consequence of heavy mortgages existing on their real estate. Having declined beyond the value of the margin there was nothing left for the owner, and the property was foreclosed and sold. Mortgages to a small extent might have been easily carried and paid out of the rents, but heavy calls proved too heavy, so all was lost. Railroad companies have been indulging too freely in the same kind of policy. They have bonded their roads too heavily, and thus subjected them to a great risk. The nature of this risk they are now experiencing. Those who are able to survive the times ought, whenever prosperity returns, to begin the reduction of their fixed indebtedness, and thus be better prepared for business depressions whenever they occur, for they are likely to be repeated after brief seasons of prosperity. Much as we regret to have the bad times come, they appear to be inevitable, and the wise administrators of great corporations, like the captain of a ship, should always be prepared for a storm. One part of that preparation consists in reducing the fixed indebtedness, even of the best companies, far below the amount now existing. When this is done, they will move through times like these more easily, and will be more sure of protecting their property and sustaining the best interests of their stockholders than they can by maintaining their present course. We trust that the lessons which the present and former depression have taught will not be thrown away by these great corporations. Persons who depend on them for an income are so numerous that a safer policy is in order. By so doing we are sure that the best interests of all will be better conserved.

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## WEBSTER AND FINANCE.

[CONCLUDED FROM THE JULY NUMBER.]

It is not too much to say that few measures of a financial character have, in the history of the Government, produced so much warm blood and violent controversy in and out of Congress as this single act of the President. Even the veto, as important and far-reaching in its effects as it was, did not begin to assume in the proportions of its results the prominence of the removal of the deposits.

In accordance with the requirement of the Act incorporating the Bank of the United States, the Secretary of the Treasury was called upon to submit to Congress the reasons for his act in removing the deposits, which he did on the 3d of December, 1833. The report was referred to the Committee on Finance, of which Mr. Webster was a member. A report from this committee was submitted to the Senate, February 5th, 1834; the report was penned by Mr. Webster. In it he undertook to define the powers of the Secretary in the matter of removal. The Secretary claimed unlimited power by the terms of the charter. Mr. Webster, upon the same authority, considered the Secretary simply as an agent of Congress. The public moneys were to be considered safe in the custody of the bank until such time as, for good and sufficient reasons, Congress should decide otherwise. The Secretary was at liberty to submit his reasons at any time he thought he saw sufficient cause for the exercise of the power; but he had no authority, direct or by implication, for the self-appointed use of it, when Congress was in condition to consider the question. This ground Mr. Webster assumed and maintained with unusual fervor, presenting the legal as well as the common-sense aspect of the case. And he found himself with the majority.

It may be said that Mr. Webster took leave of the subject of the National Bank in his speech of March 18th, 1834, in which he introduced a bill to continue the Bank of the United States for six years, and providing for a restoration of the deposits. The accompanying remarks were in the same vein as his other addresses on the same subject, only warmed and intensified by time and the apparent distress into which the country had been so needlessly plunged. The bill, although timely and well calculated to relieve, if not to remove, the prevailing distress, did not become a law, and thus failed the last important attempt to maintain the Bank of the United States.

After the transfer of the public funds to certain of the State

banks, it became necessary for Congress to frame regulations controlling such funds, and in this matter Mr. Webster became a safe adviser. Some of the most important provisions of this bill were introduced by him in the form of amendments; among others was one requiring that all checks drawn by the Treasurer against the deposit banks, should be payable in gold and silver if so desired by the drawee. The spirit of this amendment had been so far violated that it was common practice to draw checks payable in "current bank bills." The circulation of the Bank of the United States had not yet entirely disappeared from public channels, but was still exercising a salutary influence upon the general circulation. However, this institution had been condemned, and was shortly to go out of existence, so that its present influences would soon cease to operate, and the nation would be forced to take up with whatever the State banks might choose to offer in the way of a circulating medium. It was a wise foresight then that dictated such measures as would tend to maintain the integrity and security of so important an element in our commercial economy as the medium of exchange. Webster foresaw the evils of the almost certain reaction from the wholesome restraints of the National bank, so long continued, and was providing for the emergency. In truth, he was troubled, deeply troubled, that so beneficent and widely valuable an institution was permitted to end its existence in such a manner and by such means; and his only remaining desire was to preserve in some form in the institutions that were to succeed it some of its most valuable regulations. Notwithstanding the internal embarrassment and distress brought about by the unwise and precipitate action of the administration in suspending the bank charter and removing the deposits, the commercial relations of the country continued prosperous. Trade with other countries was constantly on the increase, and a revenue of gigantic proportions flowed into the Treasury. The tariff Act of 1828 was, no doubt, largely responsible for this excessive revenue, although added to this, the increase of our foreign trade was not a small factor. Then, the sale of public lands had reached a marvelous development. The income from this source alone, augmented by a well-considered scheme of internal improvements, was almost phenomenal. The Treasury was burdened under this increased financial weight. The deposit banks, few in number, were distressed and harassed in their endeavor to cope with the situation. In a return made to Congress by the Secretary of the Treasury in March, 1836, of the condition of the deposit banks, it was found that for every six dollars of indebtedness these banks held only one dollar in specie, and that they owed the Government alone more than three times their entire specie reserve. And it was further revealed that among its investments under the head of "other investment" were included items of a speculative

and personal nature, which led Mr. Webster and others to the belief that so large a fund was not safe in such hands. As Mr. Webster said, there was cause for alarm, and he did not fail, as opportunity offered, to remind Congress and the country that the "experiment," as it was called, was not a decided success. It was clear to everybody, even to the friends of the administration, that something ought to be done to find an outlet for the surplus in the Treasury. On the 31st of May, 1836, a "bill to regulate the deposits of the public money" being under consideration in the Senate, Mr. Webster moved, by way of amendment, as an additional section, that after the first day of January, 1837, all money in the Treasury, after reserving a certain sum (the exact amount to be thereafter fixed) "shall be divided among the several States in proportion to their respective amounts of population." The amendment provided that the payments should be made quarterly to properly authorized parties, and subject to repayment in case Congress should at any time require it. In urging the consideration of his amendment, Mr. Webster briefly reviewed the causes which led to the unusual accumulations in the Treasury, and maintained that it was preventable if Congress had not been hampered and negatived by an uncongenial President. Certain measures for internal improvements might have been put in operation; the tariff could very wisely have been modified, and certain schemes for internal and foreign commerce equipments could have been encouraged with profit to the nation. Nothing of the kind having been done, however, it remained to be seen in what manner and how wisely the surplus could be disposed of. While he deprecated any action looking to its distribution among the States that would have the least semblance of permanency leading the States to expect similar benefits in the future, yet he thought he saw in the measure, for the time being, a safe and efficient expedient. The amount that it was safe to distribute, according to Mr. Webster's estimate, was \$40,000,000. Mr. Webster's amendment prevailed, and the existing difficulty was removed. The first three payments were made to the respective States according to the tenor of the agreement, but before the fourth and last became due, the country was enveloped in the dark cloud of specie suspension.

The situation at the close of Jackson's administration was in no sense a surprise to Mr. Webster and those that followed his lead. No sooner had the last lingering influences of the Bank of the United State expired than it was found that the finances of the country had no sure basis to rest upon. The circulating medium was of a heterogeneous type, and gold had disappeared to that extent that little or no reserve was held with which to redeem the outstanding obligations of the banks. There was no unity even among those banks acting as Government depositories, and conse-

quently little or no fraternity of feeling or systematized action among any of these organizations. The Treasury was the only visible financial head of the system, and that was, in a way, under the control of its subordinate members, inasmuch as its funds were in the hands of a few banking institutions. The true situation of things could not have been but apparent to every discerning mind. This knowledge necessarily led to a distrust, and out of distrust sprang—as is always the case—the elements of disorder. The suspension of 1837 was not, then, unannounced.

After the advent of the new administration the situation became so critical that Mr. Van Buren deemed it best to call an extra session of Congress to devise means of relief. The finances were disordered, the country prostrate. Naturally, many expedients were suggested; many, perhaps most of them, were incomplete or impracticable. Among other measures of relief, so intended by the originators, was one proposing to withhold the fourth payment of the surplus revenue. To this measure, which came up among others for consideration on the 14th of September, 1837, Mr. Webster opposed decided objections. The burden of these objections was—and it illustrates the pure sense of equity in Mr. Webster—that inasmuch as the action of the Government had amounted to a pledge to the respective States, upon which the States had acted in good faith, and in many cases had entered into contracts for internal improvements and similar outlays on the strength of such pledge, the Government would do a greater injury and create a greater disturbance by withholding the final installment, than it would suffer inconvenience to itself by its payment. He showed how, by means of bank transfers in the several States, the amount of funds required for the payment could be made available without the actual employment of enough real money to affect the financial equilibrium to a sensible degree. And then he apparently feared quite as much from the moral effect of the withholding as from any other cause. It would be an additional disturbing element amid conditions already deplorable enough. In case the Government was in need of money in an emergency, it had, of course, the right of taxation at its disposal, by means of which the States could be led to respond through legitimate channels.

We find quite clearly brought out in this connection Mr. Webster's deep respect for a contract, even though it be as between a government and its people. Repudiation, or any of its allied evils, could not long stand before the searching gaze of such principles as Webster promulgated.

To step back a little in the order of time, we find that on the 11th of July, 1836, the Secretary of the Treasury issued a circular to the receivers of public money and to the deposit banks, ordering the same to receive in payment for public lands, "after the 15th day of

August then next," only "gold and silver, and, in the proper cases, Virginia land scrip."

On the 21st of December a resolution introduced by Mr. Ewing, of Ohio, to rescind this order of the Treasury, came up for consideration. The measure from the first had aroused Mr. Webster's indignation, and so when this resolution in opposition afforded him the opportunity, he was only too glad to take the floor. The speech which followed was a clear and admirably phrased statement of what constitutes the essential elements of a well constituted, vigorous and lasting circulating medium. He does not retract anything from his formerly expressed convictions as to what he considered the only *legal tender*. Gold and silver alone have this element, and that pre-eminently. With him there was no division of sentiment or authority on this point. But he maintained with no less fervor that that is the best *circulating medium* (note the distinction) which is most convenient and best adapted to the facilitating of exchanges. Consequently he regarded checks, drafts, bills of exchange in their various forms, and, in its proper place, and surrounded by proper safe guards, paper currency, not only as best and safest, but absolutely essential in the multifarious far-reaching transactions of the commercial world. It sounds a little strange to us living a half century remove from the time this argument was used, to hear the essential qualities of what now constitutes nine-tenths of our exchange medium defended.

With us the argument has gone to the other extreme, and we do not have to look far to find those who maintain that we could do without any other medium than that furnished by the bill of exchange in some of its forms. This only goes to show with what a master mind Webster was endowed, that he could so forecast the future as to formulate and expound those enduring principles which were to develop to their full fruition only after he was dead and gone, and which would abide and increase and bless mankind.

Webster went so far as to attribute the cause of the crisis of 1837 almost solely to the derangement in the exchanges brought about primarily by the extinction of the Bank of the United States. And the views of the Jackson Administration on this point were so narrow and selfish that it was unwilling to place itself as regards its revenue on the same footing with the industrial enterprises of the country. The sentiments put forth in Mr. Webster's speech on the specie circular carried conviction into many quarters where had existed doubt and distrust.

It seems very plain in the light of history that during this period of disturbance, and in opposition to the fact that the bank had been refused a charter, the commercial world was very decidedly in favor of a National bank. On the 8th of February, 1837, Mr. Webster presented to the Senate a petition in favor of such an institution,

signed by fifteen hundred mercantile houses in the city of New York. In presenting the petition, Mr. Webster took occasion to make a few remarks, which are chiefly significant in that they were prophetic. After alluding to the open antagonism to a bank in government circles, he predicts a change sooner or later in public opinion. "That there will be such a change I fully believe; it will be brought about, I think, by experience and sober reflection among the people." It took twenty-five years to bring about the fulfillment of this prediction, although Mr. Webster was confident that "five-sixths of the whole mercantile community" was of the opinion "that a National bank is indispensable to the steady regulation of the currency, and the facility and cheapness of exchanges."

The crisis of 1837 was widespread and severe, and when Congress convened on the 4th of September, at the call of the President, it found itself confronted by weighty problems of finance. It was at this session that it was voted to withhold the fourth installment of the surplus revenue at the recommendation of the President; and in further conformity to the executive recommendation, a bill was introduced into the Senate "imposing additional duties as depositaries, in certain cases, on public officers." To this bill an amendment was offered providing for the repeal of that part of the resolution of the 30th of April, 1816, which authorized the receipt of notes of specie-paying banks in payment of public dues.

During the pendency of the amendment Mr. Webster addressed the Senate on the general subject of the finances. This speech, and that delivered at Niblo's saloon in New York on the 15th of March previous, on the same general topic, are considered by many as masterpieces of their kind. They embody no new arguments, since his views had been frequently made known on the various topics considered, but they present in one grand procession all that was convincing in anything he had previously uttered on the subject. He laid particular stress, in his Senate speech, on the constitutional prerogative of Government in regulating the currency of the country and upheld gold and silver as the only legal standard of value. A National bank was still, in his opinion, the only correct thing legally or practically; and an irredeemable paper currency was not to be thought of for a moment. There is no better reading for one who wishes to inform himself upon the state of affairs at this juncture than the two addresses above mentioned.

It was at this extra session that the famous Government plan of finance was first introduced. It is usually called the "Sub-Treasury system." Its purpose was to restrict the receipts and disbursements of Government to gold and silver, regardless of the general medium of the country, and to the exclusion, even, of bills of exchange and checks. As Edward Everett has said "if the attempt could be forced through, it would be like an attempt on the part of the Gov-

ernment to make use of the ancient modes of travel and conveyance, while every citizen in his private affairs enjoyed the benefit of steam navigation and railways."

Of course, Mr. Webster opposed any such scheme from its incipency, and the country was not a little surprised that it received the support of Mr. Calhoun. An opponent of the financial policy of Jackson's administration, it was hoped and supposed he would sustain the sentiments of the country at large, which were very pronounced as opposed to the Government. He defended the Government plan at various times, and during the winter session of 1837-38 he delivered an elaborate speech on the subject, to which Mr. Webster felt called upon to reply. The reply was in every way worthy the time, the subject and the man. A finer combination of eloquence, logic, sarcasm and denunciation are not often met with. As an illustration of the intrinsic worth of the matter presented, as estimated by one well qualified to pronounce an opinion, we quote the following from Everett's life of Webster: "Not long after the publication of this speech, Lord Overstone, then Mr. S. Jones Lloyd, one of the highest authorities upon financial subjects in England, was examined upon the subject of banks and currency before a committee of the House of Commons. He produced a copy of the speech of Mr. Webster before the committee, and pronounced it one of the ablest and most satisfactory discussions of these subjects which he had seen. In writing afterward to Mr. Webster, he spoke of him as a master who had instructed him on these subjects."

Mr. Webster's denunciation of the men and instrumentalities by which the existing condition of things had been brought about was most severe. He faced the enemy and declared him to be an enemy, and he did not fear to employ epithets to express his meaning. Evidently his indignation had been wrought to its highest tension by means of the long train of disasters which had followed upon the foolish manœuvres of an headstrong administration. In the course of the two speeches which he delivered on the Sub-Treasury system, occupying about one hundred pages of printed matter, he reviewed substantially the arguments presented on other occasions, except that they were much more elaborate and more strongly fortified by practical incidents and historical references. His eloquent presentation of the worth and use of the credit system in the financial operations of a nation is beyond comparison strong and truthful. How it would have delighted his heart to have known the actual outcome of this system as seen to-day in its fuller development! What are the evil effects resulting from the use of an irredeemable paper currency in our time which he did not most faithfully predict in this address? Name, if possible, any of the beneficent results of the right use of a National system of cur-



rency, viewed from our standpoint, which he did not actually mention! Define, who can, the constitutional prerogative of Government in matters of revenue and the currency, so that a better, clearer light shall shine upon the subject! Or where shall we look for a moral code establishing the rights and equities of a nation and its people the inspiration of which could not have emanated from the utterances of Webster?

Such in our humble estimate is the position occupied by Webster in framing and expounding the first principles of our highly-valued system of finance. And while that system lasts, and we are partakers of its ripe fruits, may it be our joy to call to mind often the master hand who wrought for us before we were conscious of our needs.

WM. WOODWARD.

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### MEXICAN FINANCE.

Mexico has followed in the wake of several countries south of the Isthmus in suspending payment of its debts. Probably this could not be helped. If we are to believe the reports that have been received, we do not see how the result could have been postponed. When President Diaz left his office the first time, the Treasury was in a sound condition, and on resuming power four years afterward, he found the Treasury depleted, and grave financial questions confronting him. He found the public revenues burdened with heavy charges which must be continued for a long time. At present the total percentage of all kinds weighing on the current revenues of the country are not much short of one-half the public income.

Mexico doubtless needed railroads, but when the Government inaugurated the policy of subsidizing them, it was evident she was assuming larger burdens than she could safely carry. The wonder on the whole is, not that she is compelled to stop, but that she has been able to pay so much. France has been indulging in the same business to an alarming degree, and so have very many of the South American States. The latter in many instances have suspended payment, repudiated, and in some cases compromised, and in others, matters are unsettled. Brazil is on the edge of bankruptcy, and will probably follow in the wake of Mexico. The course of Mexico is, therefore, not an exceptional one. If she is in a bad way, she can possibly get a little comfort in thinking that her South American neighbors have indulged in the same kind of luxury as herself and with similar results. She has succeeded in building her railroads, and will probably succeed in not paying for them. Looked at from one point of view, this will doubtless be a good thing. She certainly needed the railroads and she has them

but the creditors will by no means be so happy. A good deal of Boston money has gone into these enterprises: but, on the other hand, Boston people have a very firm grip on their railroad, and if there is any money to be made out of it, they will get it. The English creditors of the Mexican Government who have so kindly loaned large sums, are by no means in as good a condition. With the exception of those who own the first railroad built in the country, they have not much to show for their investments, and we greatly fear they never will have. It is rather grim to read, that "an honest equitable adjustment of the foreign debt of this country will do more to revive the confidence of the civilized world in Mexico than any other measure which can be projected by the Government. In this case honesty is extremely good policy." How repudiation can be regarded as an honest transaction is one of those singular statements which is amusing and confounding, especially to the moral philosopher. Moreover, how it will help the credit of Mexico is not so easily perceived. How Mexico can relieve herself of burden by throwing it off, saying she will not assume it, we can readily understand; but we should suppose that persons in the future would be a little slow to lend any more money to assist such a Government. We should suppose that such an act, instead of reviving the confidence of the civilized world, would very effectually extinguish it. Possibly Mexico may prove an exception, and the failure to pay her debt may operate to revive the confidence of the civilized world in her ability and intention to pay in the future, but this surely would be contrary to all former experience in the history of nations.

We do not see how Mexico could do otherwise. She is simply bankrupt and unable to pay. The people are paying all the taxes they can bear. The President is conducting the Government with due regard to economy. Salaries and all public expenditures that can be lightened have been reduced. He has set the example by reducing his own salary one-half—from \$30,000 to \$15,000. If, with such a policy he is unable to make both ends meet, then part of the debts must go unpaid, that is all that can be said. It is a matter to be regretted, but one that was to be expected when creditors loaned so freely to the Mexican Government. They must have seen that they were engaging in a risky business, the full measure of which they now understand. It is to be hoped that Mexico will extricate herself at an early day, and that in no event the Government will relapse into the anarchy and lawlessness which have marked her history until within a short period. The railroads are great civilizers, and if they have the effect of bringing the Mexican people under better subjection to law, or in other words, enable the Government more effectually to preserve order, other parts of the world may contribute something toward the cost with greater equanimity than if no results whatever had been accomplished.

## A BANKRUPTCY CASE.

A decision has been recently rendered by the Supreme Court of New York, at special term, with respect to the assignment of Halstead, Haines & Co., of more than ordinary importance. In 1884 an individual and joint assignment was made. The preferences amounted to \$409,000, including \$24,800 to a brother, \$20,000 to a son, \$11,000 to a sister, \$4,900 to the estate of Wm. M. Halstead, \$102,000 to the estate of the father of one of the partners. The assets were more than sufficient to pay the preferred debts in full, and a suit was brought to set aside the assignment on several grounds. The first was the insertion of sums due to preferred creditors in excess of that actually owed them. Thus it was shown by the books that the debt to Robert was only \$20,278, instead of \$24,800, the amount for which he was preferred. This excess was not disputed on the trial, and it was also conceded that Drexel & Co. were preferred for \$7,456 more than was due them, and that, in all, some \$11,000 more than the actual debts of the firm to various preferred creditors were included in the preference. On the part of the defendants it was claimed that these were unintentional errors; but, if so, they were not corrected until after the full amount of the preferences had been paid over to the attorney representing the preferred creditors, and the excessive payments, as we are given to understand, were not restored until after suit was brought, September 10, to set aside the assignment. Another ground was that the preference to the "estate" of Wm. M. Halstead was, in part, a secret reservation to Mr. Halstead, one of the partners, whose interest was one-fourth of the estate.

It is very clear that if the decision of the judge is sound, the door is widely open to the concealment of bankrupt assets. If the decision of the court should be sustained on final appeal, it would be a very easy matter to conceal the estate of bankrupts. The judge seems to hold that, in a case like this, fraudulent intent must be established by the party bringing the suit, but this requirement is a very exacting one. It is true that this house was of long standing, and had borne an honorable reputation, nevertheless facts were brought out at the trial relating to the conduct of their business during the latter portion of their career, which were certainly of very questionable character. They made representations to R. G. Dunn & Co., concerning the value of their property, at different times, which were far from the truth, as revealed from subsequent examinations of their books. If guilty of such misrepresentations, is not the inference quite strong that in the making of preferences

they would be actuated by no higher principles? This decision of the Supreme Court may well excite a considerable degree of anxiety, and, if sustained, ought to hasten the enactment of a National bankrupt law, which would prevent the sustaining of preferences colored with so much suspicion and doubt.

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### MR. FISH'S FATE.

"Mr. Fish has finally concluded to take his punishment." The fate that has finally overtaken him is as impressive as the above remark, made by him after the last hope was gone, is ludicrous, and yet when one thinks how few of the many rogues of the country are legally prosecuted and brought to judgment, the remark of Mr. Fish is not so unusual or singular, after all.

The greatest criminal in this sad affair is yet living a pretty comfortable life in Ludlow Street Jail, and possibly may continue to live there until released. A year has passed away since his rascality came to the full light of day, and his trial is as far off as ever. Not that his case is by any means exceptional, but rather is in the well-known course of criminals. It is true that men like Ward and Fish are visited with pretty severe judgments, inflicted by their fellows and the press, and it may be that these judgments are more severe and telling than those inflicted by the officers of the law. Yet the fact will not be questioned that notwithstanding the existence of laws concerning crime, broad and general enough to include every form, shade and variation of it, the great rogues too often escape, and only the smaller and friendless suffer.

Why is Mr. Fish punished, while Mr. Ward continues to live in ease and comfort? The reason is because Mr. Fish was tried under laws enacted and enforced by the Federal Government, while Mr. Ward is to be tried (if at all) by the State of New York. It cannot escape the attention of the most careless observer that the Federal courts are far more effective and speedy in administering justice, particularly in criminal cases, than are State tribunals, and the reason is well understood. The Federal judges are appointed for life, and exercise the duties of their office with a high degree of independence. They are supreme, and mould the opinions and actions of the juries who are called to assist them in rendering justice. So criminals are promptly tried in the Federal courts, and speedily punished; but in the States the judges are more closely related to the people, and though in most cases strictly honest, possess much less of that stern independence which is absolutely essential to the perfect administration of justice. They have their eye on the people. They must retain their popularity, and thus,

while on the one hand seeking to do their full duty, on the other, in all ways within their reach, seek to evade responsibility; consequently, the juries have a larger power than they have in the Federal courts, and, unhappily, too often exercise it, not for the public good, but for the public harm. Hence, criminals are slowly and hesitatingly tried, and many of them escape.

Some time ago, when conversing with a foreigner and lamenting the lame administration of justice in our country, he replied, "How can you expect anything different so long as the people elect their judges? Will they elect persons to judge and condemn themselves?" The idea seemed to him quite unreasonable to suppose that the people would select a class of men for judges who would faithfully and constantly seek to administer the law in all its rigor. "In our country," he continued, "where the judges are removed from the people, and are not dependent upon them in any way, they have the utmost independence in the administration of the law, therefore can punish without fear or favor. Therefore," he concluded, "we could not expect to have fearless and thoroughly competent judges until the moral tone of the people was raised so high that really there would be small occasion for judges at any time."

Those who would like to see the wealth of this country divided by law in order to equalize the condition of all, seem to overlook the fact entirely that they are quite largely responsible for the existing condition of things. It is true that a considerable number of the large fortunes have been made in this country by accident, but a much larger number have been made in railroads and other operations, not legally, but contrary to law. Now, the division of their wealth, by any communistic plan, would add a second wrong to the first, because, if they possess ill-gotten wealth it ought to be restored to rightful owners; but to take it away from present holders and give it to others having no claim thereon whatever, is not to correct a wrong, but simply to do another. But why have these men been permitted to retain their wealth? Why have men like Fish and Ward been permitted to flourish so long? Simply because the men who are such profound believers in equalizing wealth have been derelict in performing their duty. If, instead of attempting to divide and equalize the wealth of the country, they had been more solicitous in securing the election of judges who would faithfully administer the law, it would have been impossible to accumulate ill-gotten fortunes. The men thus intentioned would have been frustrated in the very beginning of their schemes. Men of the Gould stamp would have had a very brief day. The true remedy for these men is not to take away what they have and give it to others no better entitled thereto, but to visit them with the pains and penalties of the law, and restore their property to the parties from whom it was taken.

It will be a happy day for this country when the freemen awaken to the importance of faithfully administering the law. The contrast between these two cases of Fish and Ward is an impressive one, and it ought to make every thinking man consider what a power is placed in his hands for the efficient administration of justice, and lead him to consider how he has exercised that great trust. Let him consider that every ill-gotten fortune, unless spent, can be returned to the rightful owner; that every criminal can be properly punished; that, in short, the faithful administration of the law is entirely in the hands of the freeman, and let him exercise his trust fully conscious of this great fact, with the determination that in the future he will not be so negligent in this regard as he has been in the past, and many of the gross inequalities in wealth existing to-day shall disappear, while the criminals shall diminish in number as the law is more speedily and efficiently applied.

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### FINANCIAL FACTS AND OPINIONS.

A Boston newspaper urges the abolition of the \$20 per ton duty on flax, of which our usual annual importation is 5,000 tons. We see no reason why imported flax is specially entitled to exemption from taxation. We have no revenue to throw away, as few persons believe that the National income for the current fiscal year will suffice to meet the imperative requirements of the sinking fund, which is the sheet anchor of the public credit. Flax can be produced abundantly, and of all descriptions, in this country, and with as little labor as anywhere in the world. There is no theory upon which the policy of protection is maintained which does not apply to flax as completely as to anything else. If we are to have free flax for the benefit of those who manufacture it, we must have free wool and free iron ores. The cultivation of wheat for foreign export has received a check, and probably a permanent one. Agriculturists must look around for new crops, of which there are few more capable than flax is, of being enlarged in quantity and improved in varieties and in the methods of preparing it for use.

During the five weeks ending June 20 the receipts of the New York Custom House consisted of \$76,000 in gold, \$3,432,000 in gold certificates, \$2,871,000 in greenbacks, and \$3,655,000 in silver certificates. The proportion of greenbacks received has increased considerably within recent months.

Of the market at the end of June, the *Dry Goods Reporter* said that "64s. printing cloths have declined to 3c., the lowest point ever reached."

Among the papers published by the British Foreign Office is an estimate of Sir John Lubbock that the reciprocity treaty between the United States and the English West Indian Islands, proposed by our State Department last fall and winter, would have reduced the customs revenues of those islands only \$900,000, while it would have reduced our revenue \$12,500,000. All the reciprocity treaties which we ever entered into, and all which have ever been proposed thus far, have been supremely foolish bargains. It is, in fact, difficult, if not impossible, to make a good bargain of that kind, which involves an exchange on our part of the market of fifty-eight millions of people, who are the greatest producers and consumers in the world, for markets of comparatively insignificant and little advanced populations. One such bargain is now pending in the reciprocity treaty with Mexico, which the Senate has ratified, but which has not yet received the sanction of the House, and we trust never will.

The British income tax, at the increased rate of 8d. on the pound, will yield this year 15½ millions sterling (\$75,000,000), as compared with four millions sterling ten years ago.

If the Italian Custom-House returns can be relied upon, the drain of gold from Italy is becoming serious. During the first five months of 1885 the export amounted to 91,642,900 francs, while the import was only 2,935,700 francs, which makes the net export 88,707,200 francs, or \$17,341,440.

Bismark has proposed a bill to increase the German subsidiary silver coinage 10,276,000 marks, equal to \$2,569,000. The amount of that species of coinage is fixed at 10 marks *per capita*, and the proposed increase corresponds to the expansion of the population. The Vienna correspondent (June 22, 1885) of the London *Economist* says:

The Chancellor proposes to use for the purpose the stock of silver which has been lying idle since 1878. After this new minting a very small stock of the hoarded silver bullion of the Government will remain.

There has been a good deal said about the silver left on the hands of the German Government, when it suddenly stopped the sales of it, not in 1878, but in May, 1879. The amount so left has been frequently spoken of as large, but there was never any reason for believing that it was large, and it was certainly quite inconsiderable if a coinage from it equal to two and one-half million dollars will substantially exhaust it.

In his report of December 1, last, as Secretary of the Treasury, Mr. McCulloch expressed the opinion that it was "safe to assume" that the public revenue for the fiscal year commencing July 1, 1885, would, after meeting the public expenditure, provide for the sinking fund of \$48,571,861, and leave a surplus of \$50,000,000 besides. Among other reasons for thinking so was his belief that "the un-

usual depression of business" could not "long continue." Upon this view of an excess of revenue over expenditure, during the present year, of \$98,571,861, he felt it to be his duty to propose very sweeping remissions of taxation. He suggested that the taxes on tobacco and beer (the latter producing annually \$16,000,000) should be wholly removed, and that, in fact, there should be no internal revenue, except from distilled spirits. Even that he proposed to cut down very largely, by exempting all distillations from fruits, and all alcohol used in the arts. He recommended, also, the repeal of the tax on bank circulation.

In respect to the tariff, he recommended the absolute repeal of all duties "upon raw materials which are to be used in manufacture," which would include wool, lumber, flax, iron ore, pig iron, &c., and the reduction of duties upon all "articles used or consumed by those who are the least able to bear the burden of taxation," in which comprehensive category it would be possible, upon certain constructions, to include nine-tenths of all the duties imposed by the tariff.

Mr. McCulloch was by no means alone in those sanguine anticipations as to the prosperity of the revenues. In the last House a very large vote was obtained for the repeal of the entire internal revenue system including the whiskey tax in all its parts.

When the new Congress assembles in December, it will be with more sobered views. Instead of surpluses to be gotten rid of by repealing and reducing taxes, there may be a deficit to face, and there certainly will be, unless a halt is called in new pension bills, building Nicaragua Canals, buying Mexican provinces at the price of hundreds of millions of dollars, and giving away our customs duties to foreigners by the device of reciprocity treaties.

A city contemporary, the *Times*, of July 11, had a column leader against the policy of making payments on the National debt, of which it says that "any further continuance of them by the order of Congress has no justification or excuse." Expressing the same thing in different phraseology, it also declared that "all thought of any surplus for the reduction of the debt should be abandoned." It is well to understand that while the great body of the people of every party desire, of all things, the earliest possible payment of the National debt, there are considerable classes and interests which favor its indefinite perpetuation, and a portion of whom even desire that it should be increased, as Mr. W. H. Vanderbilt has frankly avowed to newspaper interviewers that he himself does. There will be less danger from these classes and interests if their objects and purposes are known. They will not make an open attempt to repeal the laws which establish a sinking fund, and give it a priority of lien upon the customs revenue. They will endeavor to effect their ends by the indirect methods of cutting down revenues of all kinds,



and by voting for extravagant expenditures of all sorts, so that there shall be no surplus applicable to the principal of the debt.

The exports of wheat from India during the past three years are officially stated as follows:

Year ending March 31.	Cwt.
1883.....	14,144,407
1884.....	20,956,495
1885.....	15,854,292

Of this total export of 50,955,194 cwt., in three years, 24,528,351 cwt. or rather less than one-half, were sent to Great Britain and Ireland. France was the next largest receiver, taking 10,280,583 cwt. It was the import of Indian wheat into France which was the chief reason assigned in the French Chambers for the law passed this year increasing the duties on wheat imported into France. All the speakers in the discussion upon the law took the ground that the rise in gold relatively to silver acted as a bounty upon exports of wheat, and indeed of everything else, from India, as the exporting merchants bought for silver at home and sold for gold in Europe. They claimed that the rise in the French duties was only a fair offset to this bounty.

*Poor's Manual* furnishes the following comparisons of railroad operations and gross and net incomes:

	1883.	1884.
Tonnage movement.....	400,453,169 tons. ....	390,074,749 tons.
Gross earnings.....	\$ 823,772,924 ....	\$ 770,684,908
Net earnings .....	293,367,285 ....	268,106,258

During the eleven months ending May 31, 1885, there were exported 1,073,150 trade dollars, which is from one-sixth to one-eighth of the number computed to be held in the United States. During the eleven months ending May 31, 1884, only 225,500 of these dollars were exported. The recent increase in the number shipped abroad is doubtless to be ascribed to the discouragement of holders as to the passage of any law by Congress to provide for their redemption at par in standard dollars. It is possible that their hopes of such a redemption, may be revived by the fact that it constitutes a part of what is known as the "Warner plan" of adjusting the silver question.

During the eleven months ending May 31, 1885, the favorable balance of our foreign merchandise trade was \$ 165,520,820. During the same months the excess of imports over exports of gold and silver, taking the two metals together, was only \$ 4,235,561, there having been a net import of \$ 18,726,033 of gold, and a net export of \$ 14,490,512 of silver. Taking the whole foreign trade in merchandise, gold and silver, the balance in our favor during the eleven months was \$ 161,285,259, which, after all deductions for freight money, interest, &c., to Europe, must have reduced the principal of the debts we owe abroad. The desirable thing is to have all the debts we

owe in Europe discharged. Foreign capital is something that we do not want. This country has been an exploiting ground for European money-lenders quite long enough. Especially ought those lenders to be effectively prevented from getting our agricultural lands within the toils of their mortgages, as they are now doing on an enormous scale in the Southern States.

Reviewing the course of prices in Great Britain during the first half of 1885, the London *Economist* of July 4 says:

At the beginning of the year it was hoped that the fall in the prices of commodities, which had gone on without interruption since 1880, had reached its limit, and that we were on the eve of a general recovery. This hope, however, has not been realized. Taken as a whole, prices have continued to drop, and the only consolation to be derived from the last half-year's record is, that it shows the fall to be somewhat less general and less marked than heretofore.

While prices continue to fall in Europe we cannot look for any rise in this country in such commodities as are internationally dealt in. The prices of such commodities are affected by influences which are world-wide, and tend constantly to a level in all countries commercially connected. The present depression will finally reach its lowest point, although nobody can tell when, or how low the lowest point is to be. But when the rebound comes, it will be substantially simultaneous on both sides of the Atlantic.

A plan for underground railways in Paris, covering an aggregate length of twenty-five miles, has been sanctioned by the French Government. The estimated cost is 210 million francs, or about forty million dollars. There are to be three classes of passenger service instead of one, and the maximum rates for the three classes respectively are to be ten, seven and four centimes per kilometer, the centime being rather less than one-fifth of an American cent, and the kilometer being about five-eighths of an American mile. Return tickets are to be furnished at a discount of twenty-five per cent. For very short distances those fares would be much lower than they are on American city railways, surface, underground, or elevated, but on long distances they would be as high, or even higher. The American plan, with exceedingly few exceptions, is to charge on all descriptions of city railways a uniform rate without regard to distances. After a long trial of this plan, nobody in this country would think of changing it for the French plan, which would be wholly impracticable under our methods. It is quite as much as the conductors of our city railways can do to notice everybody who gets on board and see that his fare is paid, without superadding the additional duty of compelling every passenger to leave the cars after traveling the distance paid for.

The excess of the imports of gold and silver into India over exports was as follows, during the three last Indian fiscal years:

<i>Year ending March 31.</i>	<i>Gold.</i>	<i>Silver.</i>
1883.....	\$ 20,545,295	\$ 31,167,610
1884.....	22,763,815	30,858,975
1885.....	19,295,295	30,190,940

In the above statement the rupee, in which Indian accounts are kept, is converted into the dollar at two and two-fifths rupees to the dollar, which has been the rate of exchange between them during the past three years. Before the depreciation of silver relatively to gold, beginning in 1873, the rate of exchange was two rupees to the dollar; in other words, the above figures of the net Indian imports of silver are based upon the present gold price of silver. The figures would be twenty per cent. higher if based upon the rating of silver in the dollar coinage at our mints.

In the discussions of 1876 it was contended that, under normal circumstances, India had very little power of paying for and importing either of the metals, and that, in particular, it was not to be expected that it could thereafterwards import much silver. \* That was the view vigorously urged by Professor Bowen in his minority report as a member of the United States Monetary Commission. It was the view expressed in a minute (Sept. 22, 1876) of a resolution of the Governor in Council of India. The reasonings of the British Civil Commission of 1876 were distinctly and avowedly in the same direction. And for the whole decade, anterior to 1876, the London *Economist* had devoted itself, year after year, to the establishment of the theory that the drain of the precious metals to India and the East was on the point of being stopped, even going the length, in March, 1868, of making the following most amazing declaration :

It is, indeed, conceivable that at no distant period the current of the metals might tend more strongly *from* India than *to* it.

All these opinions were combated in 1876 by Mr. Weston, the Secretary of the United States Monetary Commission, in an exhaustive paper, which is appended to its report to Congress. In that paper Mr. Weston said of the resolution of the Governor in Council of India, that it "entirely ignored the general and real cause which makes India a constant importer of the precious metals, which is, that it has substantially no mines"; and his conclusion was "that we can be sure that it is not in accidental and temporary circumstances that the true explanation of an immemorial and constant fact, like that of the import of the precious metals by India, is to be found."

The experience of the nine years which have elapsed since 1876, has abundantly demonstrated the continuous and even increased power of India to bid so high for the monetary metals by the low prices at which it produces and offers commodities, as to command for itself, at least as great a share of the annual production of those metals as it ever before obtained.

## APPROPRIATIONS AND EXPENDITURES—1865-1885.

If Congress has been slow in improving the mode of appropriating public money, nearly every step has been forward. In 1790 all the appropriations were included in one bill which was of a very general nature. With a considerate regard for economy and clear knowledge, the appropriations have been specified more and more minutely, and classified. When the items in a bill became very numerous, a portion of them was put in another bill, and thus the number has increased to a dozen. As soon as possible after their passage, the clerk of the House makes a complete record of the appropriations, which is sent to the Secretary of the Treasury.

The bills are framed on information furnished by the Secretary of the Treasury. He requests the departments to send estimates to him of expenditures for the next fiscal year, those for the Treasury Department are added, and the "letter" containing all of them is ready by the opening of the session. The appropriation committee are given a month to prepare and report the bills, but the law is rarely observed. Of late the practice has been growing for the departments to send supplemental estimates, which delays action. The committee cannot do much until the wants of the departments are fully known, and they are without excuse for neglecting to make careful and complete estimates in the beginning.

The appropriation bills, when reported, contain the information on which the recommendations of the committee are founded. This consists of statements from different officers in the departments explaining for what purposes money is desired, and the reasons for the amount asked. The action of the House on the bills is variable. If considered, this is done in the committee of the whole, but very often the bills are not reported until late in the session, when no time remains for discussion, and consequently they are passed without debate. In the Senate, more time is bestowed on them. The appropriation committee usually reduces the estimates of the departments, but many are restored by the Senate. The bills then go to a committee of conference, who effect an agreement by retaining the increase in some cases and reducing it in others. Every bill has a different history in some respects, and what we have written, it must be remembered, is merely the general course of these measures.

The newest bill of the twelve is called the Sundry Civil, and was originated in 1862. It is of a miscellaneous composition, containing items not mentioned in other bills—a kind of *omnium gatherum*, or record of human forgetfulness. The appropriations for public build-

ings, which have been very large for several years, are put in this bill; if, however, an appropriation of this kind goes through both Houses solitary and unharmed, the reason is that friends not far away expect to go along soon either alone or in company.

The Deficiency bill is one of the oldest, and requires brief explanation. Although no money can be drawn from the Treasury without an appropriation, nothing prevents a person from doing things for the Government with the expectation of receiving compensation. So services of one kind and another are rendered every year, and Congress appropriates money to pay for them. One of the tricks occasionally employed by political parties to win the favorable regard of the people is to make the appropriations in eleven of the bills as small as possible, and cover up the deficit thus incurred in the Deficiency bill of the following year. This is like the method of some corporations that make larger dividends than have been earned, borrow the money to pay them, and charge it to the "construction account." The plan was never patented by the inventor, consequently all parties have used it whenever they imagined this cheap cunning would yield votes. The last Napoleonic usurper in France covered up \$350,000,000, expended in fifteen years, by a mysterious system of bookkeeping; in our country political parties are too watchful of each other to permit of a game of that kind to be long played without exposure.

In reporting the Deficiency bill for 1875, the committee remarked that under the acts then in effective operation prohibiting the use of unexpended balances of appropriations unless specifically rendered available, and requiring that expenditures should only be made pursuant to appropriations made therefor, the requisitions for deficiency appropriations were decreasing from year to year. "This, aided by the rigid scrutiny of all estimates, and exhaustive study to reduce them, has caused a more careful method of making the same on the part of the departments, resulting in a much more exact and economical use of the appropriations when made." The deficiency appropriations did indeed shrink until for 1877, when they were only \$834,695, but since that time they have been increasing.

The appropriations are divided into three classes, annual, permanent annual, and permanent specific. The first class of appropriations are for the current ordinary expenditures of the Government; the chief item in the second class is for interest on the public debt; the third class are for improving rivers and harbors, fortifications, buildings and the like, and which remain appropriated until expended. Appropriations of each class may be definite or indefinite; in other words, a definite fixed amount may be appropriated for anything, or an indefinite amount. All the permanent annual appropriations are indefinite, but Congress could make them defin-

ite by specifying fixed sums for all the objects for the service of each fiscal year. The only difference between a definite annual and a definite permanent annual appropriation is, that the former is made by a law passed annually "for the service of" one designated fiscal year, and the latter by a law operating until repealed for the service of each subsequent year without limit or designation.

At the close of the Mexican war in 1847, more than one-half of the National expenditures belonged to the second class of appropriations. Congress has reduced the number, but the departments have sought to maintain them in order to simplify and reduce the estimates. Many abuses have their origin in permanent annual appropriations. One illustration may be given: During the war, when authorizing a great loan, Congress enacted that a fixed percentage should be used to pay the expense of negotiating and printing the bonds. In 1872 the Committee of Ways and Means recommended a bill which passed without debate, making a permanent appropriation of one per cent. of all notes and bonds and fractional currency issued and re-issued in any year as the expense of the National loan. In the year 1874 nearly \$500,000,000 of such paper was printed at the Treasury Department, thus the authority existed for expending \$5,000,000 without legislative action. From these appropriations arose the bureau of engraving and printing, with twelve hundred employees, whose salaries were regulated solely by the Secretary of the Treasury. The salaries of five hundred clerks and employees in four of the offices of the Treasury Department were regulated in like manner and paid from this appropriation. In 1874 this permanent annual appropriation was swept away, and the number and compensation of persons employed to manage the National loan, print the bonds, etc., were fixed in the annual legislative, executive and judicial appropriation bill.

If Congress did wisely in subjecting those expenditures to annual scrutiny, why has not a more intelligent regard been shown in the expense of collecting the duties on imports? Prior to 1849 the expense of collecting them was paid from the gross receipts, the balance going into the Treasury. By the act of that year the gross receipts were paid into the Treasury, and estimates were submitted to Congress for the expense of collecting them. In June, 1858, a backward step was taken. A permanent semi-annual appropriation of \$1,800,000 was made, and collectors were authorized to apply certain customs fees to pay the cost of collection. The appropriation has been increased from time to time, as the receipts became greater and more difficult to collect. Congress, however, has narrowed the discretion of collectors and other custom-house officers by regulating the number and salaries of employees.

Congress perhaps has moved more slowly in this direction than

in any other. The number of permanent annual appropriations have been reduced, while others have been so clearly defined and limited that no loss is likely to arise. Congress has shown a similar degree of thoughtfulness in paring down the contingent funds of the departments to a small figure. Congressional action, it must be admitted has been slow in these matters, but no one can deny that in ordinary appropriations greater intelligence and scrutiny have been shown in making them than formerly, and more and clearer information is given concerning them. From the reports of the committees and those printed by the departments, the most minute information can easily be obtained pertaining to the receipts and expenditures of the Government.

How singular, therefore, that with such a wise regard for economy in the ordinary expenditures of government, Congress should too often join an utter disregard for economy in much larger ones! An annual illustration of this kind is the River and Harbor bill. By a careful distribution of appropriations enough votes are obtained, save on rare occasions, to pass a bill for appropriating a large sum, from which accrues no corresponding public benefit. The Pension Arrears Act of 1879 is perhaps the gravest of all the misappropriations of Congress. On the 19th of June, the year before, Mr. Haskell, of Kansas, moved a suspension of the rules, and that the committee on invalid pensions be discharged from the further consideration of a bill to provide that all pensions on account of death or wounds received, or disease contracted, in the military service during the late war, should begin from the date of death or discharge from service, and that the bill be passed with the amendment that no claim agent, or other person should be entitled to receive any compensation for services in making applications for arrears in pensions. No report of the probable expenditure was made, and the bill passed immediately by a vote of 164 to 61. The pension agents, who were to receive nothing for making applications, were the most zealous advocates of the bill; for a long period they had labored unceasingly, confident that, if enacted they would reap fortunes. The amendment was harmless, indeed served them a good purpose, for many now innocently supposed the measure was enacted primarily for the benefit of the soldiers, instead of the pension agents. The House passed the bill with that self-disinterestedness which has marked the conduct of so many members on the passage of River and Harbor bills and similar measures, expecting no return save the grateful remembrance of the soldier at the ballot box, yet confidently expecting that the bill would forever sleep in the Senate. On the 16th of January, however, Senator Ingalls pushed the bill through the upper House. Interrogated concerning the probable expense, he replied, "Somewhere from eighteen to twenty million dollars." Only four Senators voted nay; but having

the same opinions and sentiments that animated the House in their action, they counted confidently on the President to kill the bill. Mr. Sherman, who was Secretary of the Treasury, prepared a calculation of the probable expense, and urged President Hayes to send back a veto, but he concluded that if the two Houses were so unwise as to pass such a thoughtless and wasteful measure they ought to suffer by exposing their ignorance, which would surely happen by the operation of the law. The sum paid that year for arrears of pensions was \$5,373,000; in 1880, \$19,341,025; the force in the Pension Bureau was increased, and the law proved capacious enough the next year, with the ordinary pension expenditures, to absorb \$50,059,279, and in 1882, \$61,345,193, while the estimate for the next year was \$100,000,000. By that time the people were startled, and began to inquire into the nature of the Pension Arrears Bill. Senator Ingalls' modest guess of eighteen or twenty millions vanished on the very eve of paying the arrears, and the hundreds of millions that have followed since have not filled the chasm of expenditure created by Congress without a serious recorded thought.

Occasionally legislation is injected into an appropriation bill. This usually relates to appropriations, though not always. In 1877 a fierce controversy on this subject raged between the two Houses. The House was Democratic, and desired to reduce the number of the army from 25,000 to 17,000 men, the number of regiments to eleven, the pay of the officers, and to re-organize several of the bureaus of the war department. These changes were incorporated in the army appropriation bill. The most objectionable feature of all to the Republican members prescribed that no part of the money appropriated should be used in any State to maintain the political power of the State Government. In the Senate a new bill was reported as a substitute, similar to the army appropriation bill of the previous year. The majority of the House knew that the only chance to accomplish their purpose was to inject the distasteful propositions in an appropriation bill. But the Republicans would not swallow the dose. Several committees of conference of the two Houses were appointed, and neither committee agreeing, the bill failed.

Some excellent legislation has been embodied in appropriation bills. The valuable laws of 1870, '74 and '78, relating to unexpended balances, formed sections of the deficiency bills, and possibly could not have been passed as independent measures.

What has been the ratio of expenditure to population at different periods is a more curious than useful inquiry. A somewhat numerous class of writers, it is true, never weary with presenting statistical averages, to show the conduct of society, but though often imposing, they possess the smallest moral significance. If our pages



were filled with figures showing the growth of population and expenditures by years or decades, they would not contain the faintest gleam concerning the wisdom of those expenditures, or how or in what manner they promoted individual or National welfare. They would show that the expenditure *per capita* was larger at one time than another; but starting with no standard of a correct expenditure, the comparison would not show whether too much or too little was expended, nor why the variations happened, nor whether they were justified by the results. An inquiry of this kind, therefore, may well be omitted as too unfruitful. To establish a correct standard of expenditure, and show the principal variations, their causes and effects, would require a volume. Not having this space, we must look at the subject from other, if less satisfactory, points of view.

The expenditures may be divided into two kinds: those incurred for the necessary maintenance of the Government in peace and war, and others not bearing the stamp of necessity. With respect to the former the questions that may be most profitably answered are: What services and materials were required, what methods were adopted to obtain them, what imperfections have existed in these methods, and what progress has Congress made in removing them?

The number of persons engaged in Government employ has always been a matter of criticism, especially by the party not in power. The criticism is almost as old as the Government itself. Hardly a session of Congress has passed without uttering it, and investigations to prove its truth have been frequent. Nothing is more common than for persons unacquainted with public business, after visiting the departments, to conclude that the employees have but little to do, and that large numbers could be dismissed without detriment to the service. Moreover, some persons have always maintained that the Government ought to employ freely and pay liberally. When the heads of the departments have been asked if they could diminish the number under their control they have generally given a negative answer. Of course a much smaller number might transact the public business if the method of doing it were more direct, but such a change would jeopardize the security now existing against fraud and error. Every now and then a fresh member of Congress, thirsting to distinguish himself, builds up a grand plan for transacting the public business, whereby millions of money and the unmeasured patience of claimants can be saved. The reductions of force in most cases in our National history, except after the wars with Great Britain, Mexico, and the South, were ordered at the beginning of the flood tide of a new administration, either supposing that the reduction was practicable, or to swell the number after a short interval with persons more closely identified with those in power.

The method of appointment has long been an exciting theme of discussion. With no political topic is the general reader more familiar. The selecting of men because they were fit, and the retaining of them because they remained so, has always been a live theme among statesmen, politicians and the people from the days of Hamilton. At last a service based on fitness has been adopted; time will demonstrate whether the people have virtue enough to sustain it. The chief vice of the old system was not the mode of appointment, but the mode of removal. So long as an employee's tenure of office was insecure, whatever might be the degree of the efficiency of his service, his incentive was slight for doing his best, and a true interest and enthusiasm for the public service could hardly be expected. Most of the places require but little skill; no excuse therefore could be made for getting, or long retaining, persons incompetent to fill them. The work of the Government is like that of a great watch factory, which is so minutely subdivided that a person of very ordinary intelligence can quickly learn to perform well the little part assigned to him. Only here and there in the Government or a watch factory is a man required possessing superior ability. Hence the getting of men who were competent, for most of the places, or who could easily become so, has always been an easy thing. A great number who have sought for Government employ have been unfortunate in business, and knew of no other way to get a living. Those who fail in middle life, or later, and who are unable to continue their business, bitterly know how difficult it is to find another. Their habits are fixed, they are not facile, and employers prefer younger men, who are more receptive to ideas and impressions. In despair they turn to the Government, and from an early period it has been a vast working asylum. Most who have entered it have quickly mastered the work assigned to them, and if permitted to remain as long as they were efficient, the public service would not have suffered from their presence. But the spoils doctrine has been a terrible and perpetual tempest, spreading fear and insecurity everywhere, for no one has ever known when he would be struck. In every case he has been sure that his time was brief. Who, in the near presence of death, ever stirred his earthly ambition?

Perhaps a wider unanimity of sentiment has prevailed concerning the compensation paid to those employed by the Government than on almost any other large question. This subject is, indeed a perennial one, but it may be truly said the Government has been served cheaply. Of course an exception must be made of the incompetent, who are dear at no price. From the President, cabinet and judiciary, down to the least paid, the compensation given has been justified by the services rendered. The flagrant cases of excessive compensation have been for extra services, and in the be-

stowal of fees. Congress has pulled up many of the weeds in the garden of the fee system; but many more are rankly growing which ought to be destroyed.

Turning now to purchases of the Government, the law provides for making them in many cases by competition, and with sufficient publicity to get the best rates and escape imposition, if executed with an honest purpose. But when officials have been selected lacking this quality, they have used the law to blind those around them and to perpetuate frauds. The creation of machinery into which men will be so perfectly fitted as to work perfectly, whether they wish to work so or not, has not been devised, and never will be. Some approximations have been made; our elaborate system of checks and duplications, combines simplicity with security against fraud and error. If we may regard this system with rational pride, it must also be mingled with shame in consequence of the frauds that have been committed by means of it, or fear that others lie unseen beneath the surface. The business of the administrative Government is constantly changing, and so, while the discretion of officers is narrowed—not always, it must be admitted, as it ought to have been—new necessities give rise to fresh exercises of discretion and for wrong-doing. The most impressive lesson to be learned in studying the history of the expenditure of the Government is, that honest and capable men are the only safeguards against inefficient and dishonest management. Wise laws may prove helpful friendly lights to make plain the true way, but no laws, however luminous, will be faithfully executed by the vicious, or those who are exclusively seeking personal ends. If the people sought to put the fittest men in office, great and small, having faith in their capacity and intention to conduct public affairs wisely, instead of selecting inferior men, and then making laws wherein for them to walk, and barriers to prevent them from doing wrong, statute making would decline in importance as the art of governing improved.

Many large undertakings have been performed by the Government itself, especially the construction of forts and buildings, and the economy of the mode has been often questioned. Some of the public buildings have been erected by contract with individuals, whereby they received a stipulated price for the material used, prepared and put in place, and were paid a percentage on the expenditure. Such contracts were certainly of a dangerous nature, for, the larger the expenditure the more the contractor received. Yet we ought to add that the Government, generally has been honestly served in these cases. The Secretary of the Treasury was careful in making the contracts; in many cases the contractors had a genuine pride to do their part honestly and well, and there is ample authority for the statement that the buildings thus constructed are the cheapest, considering their quality, that have been erected. The

Government had inspectors and superintendents, but it would have been easy to practice fraud had the Secretary of the Treasury or the contractors been dishonest.

One of the most interesting undertakings of the Government to save money was in establishing the bureau of engraving and printing. Only a few companies existed in the country at the time of Mr. Chase's determination to have this work done at the Treasury department, and their profits were very great. The continuing of the war caused the issuing of many more bonds and legal-tender notes and fractional currency than Mr. Chase at first supposed would be issued. The business of the bureau soon grew to enormous proportions. From the outset the bank-note companies put forth vigorous efforts to dissuade the Secretary of the Treasury from attempting to print the public securities in the department. Failing to convince him that the work could not be done with so much security by the Government as by themselves, they tried to convince him that the superintendent of the bureau was unworthy of his confidence. They were unceasing in their attacks on the bureau and found a zealous assistant in the House, who represented one of the districts of the city of New York. No sooner was one investigation ordered and concluded than another was begun. These attacks were continued year after year. When the National banking system was established, and the circulation of the State banks doomed, a tremendous addition was made to the business of the bureau. The more the business increased, the keener and less scrupulous were the companies in their efforts to destroy the bureau. In one of the investigations it did appear that inexcusable negligence and carelessness had crept into the work of the bureau, but no fraud was discovered. The investigating committee of 1875 declared that the establishment of the bureau "was judicious and wise, both as a matter of safety and economy. Both the National Treasury and the citizen had been protected from spurious issues of currency and other securities to a degree quite impossible had they been prepared by contract with private parties. There can hardly be a doubt, had the Government depended for its enormous amount of work upon the bank-note companies and individual firms alone, the demands would have far exceeded the sums actually paid." Mr. Chase, in truth, followed the examples of the Bank of England, France, Germany and Austria, and the cruel persistency with which the bank-note companies strove to break up the bureau was conclusive proof, on the one hand, of the profits they expected to make if they could get control of the business, and, on the other, of the justification of the Government to do, if practicable, its own engraving and printing. It was a hazardous thing to attempt, and unceasing vigilance was required to prevent frauds; but the success of the experiment long ago satisfied nearly all, ex-

cept, perhaps, the bank-note companies, of the wisdom of it. For considerable periods it has been a comfortable asylum for many needless persons who, by a strained use of language, were "employed" by the Government; but under Mr. Sherman's administration of the Treasury they disappeared, and since that time the bureau has generally been prudently managed.

Whether the Government has been justified in erecting so many buildings during the last twenty years is a question which need not detain us long, because opinions vary and probably always will. Their construction belongs rather to the second class of expenditures, for they cannot be considered necessities. Regarded from the economical side, the Government in most cases could hire much more cheaply than build; these structures, therefore, cannot be defended on the ground of economy. But our country having grown rich and populous, it is contended that the people generally have favored the erecting of buildings for use and adornment and symbols of national greatness. Every city is ambitious to have one or more Government buildings to enrich its appearance. One reason why Congress so readily grants appropriations of this nature is, that like those for rivers and harbors, they furnish proof of legislative capacity, and improve the chances of members to retain their seats. This seems a singular test for determining the efficiency of a Congressman, but if one of the crudest, it is one of the most potent. Though every city pays toward the construction of all the buildings in other places, the gain received is so clearly perceived by the senses and the contribution toward the erection of others is made in such an indirect manner, that not much dissatisfaction has been expressed about these expenditures during the last twenty years.

The appropriations for rivers and harbors are encountering more opposition. A deeper channel cannot be so clearly seen as a fine building. Moreover, the buildings do fulfill a public use, though the people might be served as well at less expense, leaving out the gratification of the sense of beauty and similar considerations. The return to the public for the millions spent, euphemistically in "improving the navigation," is so small that the inquiry, though long delayed, whether it ought not to stop, is likely to receive a correct answer. Of course, many of the appropriations for this purpose have been fully justified, the navigation of many rivers and harbors has been improved, but too often such appropriations have simply improved the fortunes of the contractor without corresponding benefit to the public.

A deeper stratum underlying our expenditures is composed of a governmental theory concerning its functions. Are they many or few; is the object of Government primarily to administer justice and leave every person in the possession of the largest liberty com-

patible with the possession of similar liberty by all; or is the object a wider one and incapable of clear definition? These theories have always existed and lain at the bottom of the discussions of Congress on expenditures, whether they were clearly enunciated or not. One party or section of members have contended that an army of fifteen or twenty thousand men were enough; another that the army needed much enlargement. Over and over again this question has been discussed with regard to the navy. On the one hand it has been contended that our country is quite safe from foreign attacks, and that a navy was not needed; on the other, that new vessels adapted to modern warfare ought to be constructed. Not a few members of Congress have favored the appropriating of money to the States for education; others have strongly opposed this expenditure. From time to time money has been appropriated for less general purposes—the Centennial and New Orleans expositions. All appropriations of this nature have found strong advocates and opponents. The tendency is in the direction of enlarging the sphere of Government, which, of course, means the increasing of the National expenditure.

The debates in Congress over expenditures have generally had a strong party flavor. The appropriation bills have more often been discussed with reference to gaining a party advantage than to promoting the National welfare. During some sessions they have formed the chief topics of debate, but even then party, not country, has been uppermost in the minds of many a participant. This judgment does not apply to all; on the other hand, at every session some members have tried to frame these bills on rational principles. The debates are strewn with remarks showing the keenest regard for the National honor and upbuilding. In too many instances though the bills are reported near the close of the session, and rushed through with little or no debate. In nothing has Congress appeared worse than in the slight regard or indifference shown in expending the public money. Occasionally has Congress awakened, and hammered out a good piece of legislation, but confiding in the honesty and wisdom of the appropriation committee, the expenditures during nearly the whole of our National history have been annually determined by a dozen men.

The least defensible of all the appropriations of Congress are for claims. For a long time it has been certain enough that neither the committees of Congress nor the accounting officers of the Treasury Department could properly examine disputed or questionable claims. The evidence is *ex parte*, and many fraudulent claims are presented, reported favorably and paid. For many years some members of Congress have been trying to have them referred to the tribunal specially created to examine and report on such matters. To the forty-seventh Congress nearly 4,000 claims were pre-

sented. Much time is required to hear the evidence. Said a committee of Congress in their report on this subject, "The pressure of business is now so great that the claims before the committees are generally allotted for examination to sub-committees of one, two or three members. Claimants, therefore, naturally begin by seeking first a favorable committee to which to refer their claims, and next for a favorable selection from that committee to consider them. Evidence is then offered in the form of statements or *ex parte* affidavits. There is no answer, usually no personal appearance of witnesses, no cross-examination, no opposing testimony, no inquiry by nor appearance on the part of the Government, no general publicity, no check against fraud, and no prescribed rules and regulations for the investigation. Many of the claims are impressed with a sectional or party character especially calculated to exclude all judicial fairness in their consideration." Then they are reported to the House, and in some cases action is speedily taken; in others, long delayed. Many a just claim pending before Congress is half a century old, many a fraudulent one has been paid, many a defeated one reappears. A claim against the Government is endowed with immortality. The reports of Congress are strewn with long and laborious reports on the claims of McGarrahan, Chorpennig, Holliday, Beaumarchais, the two-per-cent. land claims of some of the Western States, spoliation, and a long, if not goodly, list whose names are as familiar to Congressmen as those of their own children. A history of the persistent and often desperate efforts displayed in pressing some of these claims, the ingenious and extraordinary expedients employed, the elaborate and crooked devices, would be one of the most curious as well as one of the saddest ever written.

In 1864 Congress authorized the Comptroller of the Treasury to ascertain the amount due to certain officers and report the same for allowance. This relieved Congress from the consideration of one class of claims. They were the most meritorious of all, and Congress could not deal promptly by the claimants. In 1884 a bill was reported to the House recommending a reference of all the claims presented to Congress to the Court of Claims, and also all involving controverted questions of law and fact pending in the departments, and prescribing a limitation of time for presenting them. The obvious merit of this measure ought to have secured its prompt adoption. If passed, what a multitude of claims would have been consigned to the grave! It was doubted whether the Court of Claims could transact so much business, but Chief Justice Drake assured the committee who reported the bill that he did "not believe that more than one claimant in twenty would ever file a petition in the Court of Claims." No one has ever questioned the opinion of the Chief Justice, and who with reason can,



for has he not had a long and unrivaled experience in dealing with this class of persons? Accepting the opinion as true, what a judgment is implied on that numerous and persistent army of claimants, who, year after year, are flitting around Congress like the hardened and insatiable gambler around the famous gambling halls of Europe, and what a terrible judgment is implied on that body of men who continue year after year the farce of recommending the payment of claims on a one-sided statement, on which, if a judgment were rendered by a court of law, the tribunal rendering it would inevitably be visited with universal and just contempt.

### THE GOVERNMENT FINANCES.

With the close of the fiscal year at the end of June it is a fitting time to look at the receipts and expenditures of the Government during the last twelve months, and also the condition of the public debt. For the last two years the receipts and expenditures have been :

RECEIPTS.			
	1885.		1884.
Customs.....	\$ 181,110,770	....	\$ 195,067,489
Internal revenue.....	112,569,324	....	121,586,072
Miscellaneous.....	28,910,680	....	31,866,307
Total.....	\$ 322,590,776	....	\$ 348,519,869
EXPENDITURES.			
Ordinary.....	\$ 153,005,194	....	\$ 134,118,637
Pensions.....	58,395,738	....	55,429,228
Interest.....	51,387,519	....	54,578,378
Total.....	\$ 262,788,452	....	\$ 244,126,244

The receipts fell off nearly twenty-six millions, of which about fourteen millions were from a decrease in customs, nine millions in internal revenue, and three millions in miscellaneous. On the other hand, the expenditures increased over eighteen and a-half millions. There was an increase in ordinary expenditures of nearly nineteen millions, and in pensions of nearly three millions, while interest disbursements were three millions less than last year. The net receipts over disbursements last year were \$ 59,700,000, and for 1884 was nearly \$ 104,400,000. The falling off in internal revenue was mainly due to the decrease in the yield of the tax on spirits, and which was below the estimate because the Treasury Department postponed payment of overdue taxes. The decline in the customs receipts was due, in part, to a falling off in the total imports, the value of which has been a little over \$ 100,000,000 less than last year, and in part to the fall in prices.

Turning now to the debt, the following table shows the amount of each class of bonds outstanding on June 30, 1884 and 1885 :



	1885.	1884.
Bonds at 4½ per cent.....	\$ 250,000,000	\$ 250,000,000
Bonds at 4 per cent. ....	737,719,850	737,661,700
Bonds at 3 per cent.....	194,190,500	224,612,150
Refunding certificates at 4 per cent..	240,000	290,000
Navy pension fund at 3 per cent....	14,000,000	14,000,000
Total.....	\$ 1,196,150,950	\$ 1,226,563,850

The interest-bearing debt (excluding Pacific Railroad debt) was reduced from \$1,226,563,850 to \$1,196,150,950, a decrease of \$30,412,900. The changes are as follows: An increase of \$58,150 in the four-per-cent bonds, and a decrease \$30,421,650 in the three-per-cents, and \$49,400 in the refunding certificates. The Pacific Railroad debt is the same as a year ago, \$64,623,512.

The reduction of sixty-three millions of the debt during the last fiscal year will please most people, though, we regret to say, not all. A small minority seem to think that the public debt ought to be continued, chiefly, so far as we can see, for their especial benefit; but we have never held that ground. On the other hand, we have always contended that the public debt ought to be discharged at the earliest possible date. At the time of creating it, and for several years after the end of the war, the assertion was constantly made that the debt must be paid during the present generation. A contrary view ought not to find countenance anywhere. The interest paid from the beginning to the present time is enormous, and if debt-paying should cease, of course this interest account would be continued undiminished. Some newspapers, notably the *New York Times*, are strenuous for stopping the payment of the debt in order to reduce the burden of taxes. It claims that these press heavily on the people, and that they must be removed in order to give relief; but that journal seems to be utterly oblivious to the fact that the interest is a tax, and that the effect of stopping the payment of the debt is to make that tax permanent; but if the present policy be continued, and the debt paid, the interest, of course, will cease, and so will taxation.

Debts are bad for nations, as well as for corporations and individuals. The history of the past few months concerning the evils of indebtedness is so glaring that no one ought to discourage the policy of debt-paying of every kind. Consider the railroads that are now in trouble because of their large indebtedness. As a nation, we have been altogether too fond of piling up obligations for the future to pay. Mortgages and bonds have been too popular. In a time like this, when ordinary profits are reduced or swept away, we realize what a serious thing debt is. Consider the thousands of investors who have counted on their yearly dividends in order to pay their ordinary expenses, and their condition in consequence of diminished or passed dividends, by reason of the huge indebtedness of the companies in which they own. How different would be their position were these companies released from debt or were the

burden diminished! It is true that dividends might be smaller than in more prosperous times, but the condition of investors would be much better than it is now, when no dividends whatever are paid. These very trite facts ought to be a loud warning that debts are a serious incubus, and that we ought to apply the same rule to our National economy as to our individual economy. We are sure that the policy of the Government has the hearty approval of the people, and it ought to be continued until the last dollar is paid.

The following table shows the amount of gold, silver and currency on hand at the close of the last two fiscal years:

	1885.		1884.
Gold coin and bullion.....	\$ 247,028,625	....	\$ 204,876,594
Less gold certificates.....	126,729,730	....	71,146,640
Net gold .....	\$ 120,298,895	....	\$ 133,729,954
Silver dollars and bullion.....	\$ 169,451,997	....	\$ 139,616,414
Less silver certificates .....	101,530,946	....	96,427,011
Net silver.....	\$ 67,921,051	....	\$ 43,189,403
United States notes.....	\$ 45,047,378	....	\$ 40,183,801
Less certificates.....	29,585,000	....	12,385,000
Net currency.....	\$ 15,462,378	....	\$ 27,798,801

Though the stock of gold increased over forty-two millions in 1885, the gold certificates outstanding increased over fifty-five and a-half millions, making a decrease in the amount of gold of thirteen and a-half millions. The change in silver has been the reverse. The gross stock of silver increased nearly thirty millions, while the silver certificates outstanding increased only a little over five millions, so that the net stock of silver increased twenty-four and three-quarter millions. There was a large decrease in United States notes during the year. The gross amount held was increased nearly five millions, while the certificates outstanding were increased over seventeen millions, making a loss of over twelve millions. The Government, therefore, lost thirteen and a-half millions of gold and twelve millions of notes, a total of twenty-five and a-half millions, and it gained twenty-four and three-quarter millions of silver. The total of gold, silver and notes on June 30, 1885, were \$203,682,324, against \$204,718,158 on June 30, 1884, a decrease of a little more than \$1,000,000. While therefore, the net cash reserve has been kept at about the same figure as a year ago, silver has been substituted for gold and Treasury notes, thus impairing the quality of the reserve.

Following is a statement of the amounts and descriptions of United States bonds held for the security of bank-note circulation of the dates named:

	1885—June 27.		1885—July 11.		1885—July 25.
6s.....	\$ 3,520,000	....	\$ 3,520,000	....	\$ 3,505,000
4½s.....	48,421,800	....	48,896,050	....	49,151,050
4s.....	117,676,300	....	117,517,400	....	117,351,400
3s.....	142,617,350	....	141,595,850	....	140,518,600
	\$ 312,235,450	....	\$ 311,529,300	....	\$ 310,526,050

## GOVERNMENT ACCOUNTING.

The familiar complaint that "too much red tape" is used in the Treasury Department at Washington is not born of reason. Elaborate processes for receiving and paying money are employed to guard against fraud, and their success fully justifies their employment.

The only way of getting money legally from the Government is by Congressional appropriation. When appropriations are thus made they are entered in the books of the United States Treasurer. The Secretary of the Treasury then issues appropriation warrants directed to the heads of the other departments informing them of the action of Congress. A warrant, for example, is issued to the Secretary of War, informing him that Congress has appropriated a specific sum of money to pay the army, for quartermaster's stores, subsistence supplies, etc., and which he may draw for these purposes. This appropriation warrant before reaching the Secretary of War is sent to the first comptroller, by whom it is countersigned, and the appropriations are entered in books kept in his office; then to the Register of the Treasury, where the appropriations are taken up and the warrant is registered; and after that to the second comptroller and the proper auditor of the War Department. Then the warrant reaches the War Department and goes to the different bureaus. Each bureau in turn makes entry of the appropriations granted to it, for each must afterward examine these entries and be limited by them when requisitions are made for money.

When money is wanted to pay a disbursing officer, the Secretary of War makes a requisition over his signature on the Secretary of the Treasury for the amount payable to such officer. The requisition goes to the second comptroller, who signs it, afterward to the proper auditor of the War Department, who does likewise, and then it passes to the warrant office of the Treasury Department where it is filed. At this office a warrant is issued, signed by the Secretary of the Treasury, which is sent to the first comptroller, who records and countersigns it and sends it to the register, by whom it is entered and registered and sent to the United States Treasurer, who, in turn, issues a draft for the required amount, payable to the officer in whose favor the original requisition was drawn.

With respect to a claim for a service, stores, supplies, etc., it is filed in the bureau of the War Department which received the property or for which the service was rendered. In this place the claim is investigated and reported to the auditor on whose books the class of appropriations for services or property of this nature is carried. The auditor examines it, and also the evidence accompanying it, and if found to be correct and a just demand against the Government, the claim, with a statement of the account and evidence, is sent to the comptroller, in whose office it is to be reviewed and passed. If the comptroller approves the finding of the auditor and bureau officer, he signs the statement of account made by the auditor and certifies that it is correct, returns it to the auditor, by whom it is sent to the Secretary of War for his requisition for payment. After entering it, the Secretary of War makes his requisition on the Secretary of the Treasury in the same man-

ner as above described, except that the requisition is in favor of the claimant.

If a claim has not gone through the regular order, or has been delayed for some reason, and an application is made by the claimant or his attorney for settlement, the auditor reports thereon and the comptroller decides it, and both sign and send to the Secretary of War a settlement certificate, calling for a requisition to pay the amount allowed by them. This certificate is referred to the proper bureau of the War Department for a report on the claim, and sometimes an adverse decision is rendered. Then further action is necessary, but the precise boundary of authority between the several departments and the Treasury Department in such a case was not clearly settled until a very recent period.

In the beginning it was maintained that the president having authority "to take care that the laws be faithfully executed," might control the action of the heads of the departments and other officers on questions of law and fact concerning claims. His possession of such authority, however, was denied, and Attorneys-General Wirt, Berrien, Taney, Stanbery and Williams declared that the decisions of the accounting officers of the Treasury Department, namely, the auditors and comptrollers, were conclusive, except when the statutes specially provided otherwise, but the heads of departments had the power to review and revise the decisions of the comptrollers on questions of law and fact. Although the boundary of authority between the departments was undefined for many years, no serious conflict arose until the administration of Mr. Stanton as Secretary of War. In September, 1866, the Attorney-General "gave an opinion that he had authority to withhold his signature from a requisition for an amount which he believed to be not properly due though certified to by the accounting officers of the Treasury Department." Mr. Stanton complained that war claims, or claims for army supplies allowed by the Quartermaster-General were "largely increased by the accounting officers of the Treasury, and sums allowed which, in the judgment of the chief of the Quartermaster's Department, were not honest nor just." Fortified by the Attorney-General's opinion, Mr. Stanton declined to make a requisition for more than appeared to be due "by the report of the Quartermaster-General or the facts in the case," leaving the claimant to pursue his remedy for the residue before the Court of Claims or Congress.

Thus the issue respecting the authority of the accounting officers of the Treasury Department and that of the Secretary of War to determine claims was sharply raised, the former contending that their decisions were conclusive, the latter that they were not, "only to the extent that no more could be paid than was allowed by the accounting officers." Congress finally settled the conflict by declaring that the heads of the departments should not have authority to change or modify the balances certified to them: by the commissioner of customs or the comptrollers of the Treasury; on the other hand, these should be considered as final and conclusive on the executive branch of the Government, and be subject to revision only by Congress or the proper courts. The law contained a proviso that the head of the proper department, before signing a warrant for any balance, might submit facts which in his judgment affected the correctness of the balance, but the decision of the comptroller thereon in all cases should be final and conclusive. Congress soon after empowered the heads of depart-

ments to send any controverted claim exceeding three thousand dollars to the Court of Claims for adjudication.

But the War Department continued restive. The Secretary believed that the accounting officers were not thoroughly sifting fraudulent from honest claims, and distinguishing between accounts and claims, he tried to maintain absolute authority in settling the former. The term account was applied to papers and records which described the responsibility for moneys and property entrusted to an individual, and claim to a written demand by an individual or community for services rendered or supplies furnished. He was not successful in maintaining the distinction. The Secretary of War next tried to have all disputed claims, without regard to the amount, sent to the Court of Claims, but Congress took no further action. Authority to determine claims must be fixed, and fitly belongs to the accounting officers of the Treasury Department; if they neglect the interests entrusted to them, the remedy obviously is not to transfer their authority to the war or any other department, but to transfer them beyond the pale of Government employment.

Another conflict of a graver kind has existed from an early period between the legislative and executive departments of the Government concerning expenditures. Congress has sought to restrict the public expenditures by the departments, and they, on the other hand, to retain the largest control possible over them. The checks have been generally applied by Congress in the appropriation laws, though sometimes in separate ones. In 1795 Congress enacted that the unexpended balances should be carried to the surplus fund, and in 1820 reminded the departments of their duty by re-enacting the law. In one way and another, however, these laws were evaded, and some exceptions were made in favor of transfers by the President. From the time of the first enactment to the present, said a committee on appropriations in 1868, a continual struggle has been going on by the several executive departments to escape control by Congress, while that body had as constantly endeavored to hold the executive to specific expenditures under specific appropriations. This struggle may be traced on the statute book in eleven enactments, beginning in 1817 and continuing until 1860, Congress either limiting, regulating or extending the power of the President to transfer money from one object of appropriation to another as the influence of the executive waxed or waned.

In 1870 Congress enacted that all balances of appropriations contained in the annual appropriation bills, and made specifically for the service of any fiscal year, and remaining unexpended at the end of it, could be applied only to the payment of expenses properly incurred during that period, and the balances not thus needed must be carried to the surplus fund. This law, however, did not touch permanent appropriations. It was also enacted at the same time, that all balances of appropriations against which no requisitions had been drawn for two years should be reported by the Secretary of the Treasury to the Auditor of the Treasury, and that he should examine the books of his office and certify to the Secretary whether the balances would be required to settle accounts then pending, and if they would not be, they were to be carried to the surplus fund, regardless of the wish of the head of the department for which they had been made. Moreover, no department could expend more money during the fiscal year than Congress had appropriated for it, or involve the Government in a contract for

the future payment of money in excess of the appropriation therefor.

This was wise legislation, surely, but had not Congress long before declared that unexpended balances should be carried to the surplus fund, thus putting them beyond the reach of the departments, unless they were reappropriated? But this very thing was quite generally done, and even if they were not, the departments for many years carried over the unexpended balances of appropriations from one year to another to the credit of their particular funds or appropriations. Hence, Congress might appropriate an adequate sum for transportation, yet a much larger sum might be expended by adding thereto the balance of an old appropriation. In consequence of the existence of these unexpended balances, it was not easy for Congress to decide how much to appropriate from year to year. The balance of unexpended appropriations on the 1st of July, 1869, was \$102,390,159, and of this sum \$41,548,477 were for the War Department, and \$26,532,453 for the Interior Department, or more than two years' appropriations for each of them. Indeed, their balances were nearly as large as the entire appropriations for the fiscal year, thus giving the departments two years' supplies for one. When the New York Post Office was begun, the money was drawn from an appropriation ten years old. The law of 1870, it was supposed, would remedy these evils, but by making the smallest settlement under an appropriation, it could be kept alive two years longer. Thus, the law proved ineffective. Accordingly, in 1874, Congress again attempted to correct the evil by enacting "that annually, after the 1st day of July, the Secretary of the Treasury should cause all unexpended balances of appropriations remaining on the books of the Treasury for two fiscal years to be carried to the surplus fund and covered into the Treasury, except permanent specific appropriations, and those for rivers and harbors, lighthouses, fortifications, public buildings, pay of the navy and marine corps." This law no department has yet been able to surmount or tear down.

Another practice, and far worse than the one just described, was the transferring of appropriations from one head of expenditure to another. The Constitution provides that no money shall be drawn from the Treasury but in consequence of appropriations made by law. This provision has been evaded from the early days of the Government until recently, under various pretexts. Elsewhere we have traced the history of these transfers. In 1868 Congress repealed all laws of this nature, and enacted that no money appropriated thereafter should be diverted from its specified purpose. Nevertheless, the very next year, Mr. Robeson, the Secretary of the Navy, without making his intentions known to Congress or the country, began the rebuilding of the navy, relying on the unexpended balances which had accumulated in the Navy Department. He forgot that Congress had legislated on the subject; having discovered his blunder he abandoned his ambitious and, doubtless, well-meant designs. Had no action been taken by Congress it is highly probable that *Dolphins* would have been sporting in many a sea, to the delight of our worthy naval officers, whose pride in their country can in no way be raised by commanding vessels so poorly representing our National aspirations.

In 1872 Congress enacted a law concerning the proceeds of the sales of public property, worth mentioning in this place. Before that time, when property was sold by a department, no regulation existed respecting the proceeds. Enormous sales were made by the

War and Navy Departments after the close of the war, of property which had become useless or too expensive to keep. Large sums, also, were realized from captured and abandoned property. They came into possession of very large funds, disengaged from any use whatever, which could be expended as the departments pleased. Congress enacted that all proceeds of sales of old material, condemned stores, and other public property, with a few exceptions, should be covered into the Treasury.

One or two more matters require to be briefly noticed. Though the Treasury Department was effectively organized for examining the ordinary demands on the Government, it could not well determine the justness of a claim long due or presented on *ex-parte* evidence, for the accounting officers possessed no means to call witnesses or cross-examine them, or to test the sufficiency of their testimony or its credibility. To prevent dangerous claimants from imposing on the Government, the heads of departments were authorized to transmit to the Court of Claims "any claim . . . where the decision will affect a class of cases or furnish a precedent for the future action of any executive department." Congress also provided that the accounting officers should continue to receive, examine and consider the justice and validity of all claims under appropriations, the balances of which had been exhausted or carried to the surplus fund, that might be brought before them within a limited period. The amount due to each claimant was to be reported at the beginning of each session to the Speaker of the House, who was required to lay the report before Congress for consideration.

The last topic to be noticed is an investigation into the system of bookkeeping in the Treasury Department. This sprang from the belief that the work was improperly done, and that an investigation would reveal great crookedness. As warrants have always been required for money paid or received by the Treasury, it was, of course, easy to ascertain the amount of these. When a warrant for receiving money has been issued, signed by the Comptroller and Register of the Treasury and properly entered in the books of their offices, and is receipted by the Treasurer of the United States, the amount is charged in his general account, and is technically known as "covered money," and cannot be drawn from the Treasury, except by an appropriation. Warrants covering money into the Treasury are drawn as soon as possible after making deposits.

The amount deposited in the Treasury and covered by warrants from March 4, 1789, to June 30, 1875, was.....	\$ 14,973,305,670 59
The amount deposited but not covered at that time was.....	1,072,002 73
	\$ 14,974,377,673 32
The amount paid on warrants was.....	\$ 14,797,839,742 74
The amount deposited with the State.....	28,101,644 91
Unavailable.....	2,661,866 53
Balance on hand in the several offices and depository banks or in transit.....	145,774,419 14
	\$ 14,974,377,673 32

An examination of the books had been in progress for six years prior to the investigation, which, though revealing extraordinary discrepancies, also showed that they were results of imperfect bookkeeping. "Indeed," said Secretary Bristow, in a letter to the investigating committee, "such an accountability for the moneys received and disbursed has always been so enforced by this department that every cent of money received by the Government since its organization is either on hand or properly accounted for."

The amount that had been covered into the Treasury derived from loans and Treasury notes from the organization of the Government to June 30, 1875, was \$8,441,763,203.84, and the expenditures for the same period for redeeming the loans and Treasury notes were \$6,325,583,753.34. The outstanding principal, therefore, was \$2,116,179,450.50. This sum, however, exceeded the actual amount \$116,105,081.45, and when the discrepancy was first discovered in the Treasury Department, Mr. Bayley, who was examining the books, was astounded. But the explanation was soon found. Stocks amounting to the above sum were issued to pay various debts and claims, the revolutionary debt, the Mississippi and Louisiana purchases, and other obligations, and on maturity they were paid from the general funds in the Treasury. This showed an expenditure for which there was no corresponding receipt, as no money ever came into the Treasury in these transactions.

Two items in the above table need explanation: the amount deposited with the States, and the unavailable fund. The latter fund had its origin in losses not caused by the fault of the Treasury, but by robbery, accident, defalcation, misconduct of depositaries and the like; yet the Treasurer was responsible for these sums, and was charged therefor. In ordinary bookkeeping such deficits would be entered in the profit and loss account by crediting cash and debiting the defaulter. The Treasurer could not do this, so an account called "unavailable" was created, which was charged with the amounts, and the Treasurer was credited in his general account. This practice continued for a long time, though unauthorized by law. In order to relieve the Treasurer, Congress adopted the safe expedient of making appropriations for each specific loss. By similar action the deposits due from the States, which no one ever expected would be returned, but the record of which, notwithstanding, was continued on the books of the Treasurer until a recent date.

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### CANADIAN BANKING.

The following remarks are from the address of the General Manager of the Merchants' Bank of Canada, Mr. Hague. The unwisdom of excessive competition is a point which bankers outside Canada may well consider:

We have had in Canada, during the present year, what might have become a great banking disaster. The bank itself was saved, yet with the collapse of a system of management which set the rules of prudence at defiance and maintained a style of competition that did grave injury, not only to other banks, but to the community. This, and other indications, point to the desirableness of united action amongst the banks generally, such as prevails in Scotland, London and New York, to the great advantage both of the banks and the public.

Experience shows that imprudent banking does serious damage to the mercantile community. The lavish lending of money without proper regard to security is not a benefit, but an injury to all parties.

When a bank loses millions of money, it simply means that large numbers of its customers have been ruined. In a majority of cases (and I now speak from experience) they have been ruined by be-



ing able to borrow too freely from the bank. A prudent bank would have kept them in check and saved them. Some of this imprudence in lending money results from the foolish way in which competition is carried on. Competition there must be; but it is certainly not wise for a bank manager to be constantly begging people to come and borrow the money entrusted to him to lend. I do not think the banks, as a whole, have made a dollar of profit by money so pushed out, the average of losses from the business being so high, and they have certainly done damage to their customers. There can be no good in reversing the natural order of things. When a trader wants to borrow, the natural course for him is to go to the man who has money to lend, and explain his position and security. And, instead of aiming to borrow as much as possible, it should be his ambition to borrow as little as he can possibly do with. Let him build up a character for prudent dealing and he may depend upon it that his legitimate wants will be supplied at all times.

If banks had a mutual good understanding, it would prevent one institution being played off against another. Better terms are sometimes sought. The demand, in some cases, may be legitimate enough. In other cases, when the demand is for more money or less security, it may be refused in the customer's own interest. Another bank may be applied to in such a case. The spirit of competition may then prevail to the extent of breaking down reasonable safeguards. Managers of branches need special care in this direction. To take an account from another bank by offering or consenting to better terms, is often deemed a fine achievement, deserving special recognition by the directors. But boards of directors by this time have learned to estimate such achievements at their true value. If I were to put on record the amount of money the banks have lost in this way it would run up into millions.

Bankers would find it to their interest to have that sort of common understanding that will make it impossible for a customer to leave one bank for another except on equal terms. The checks and restraints of prudent banking should be so common that any customer will understand that he cannot get rid of them by changing one bank for another. There will, of course, be preferences and repulsions, likes and dislikes. A banker may make himself so disagreeable and unreasonable as to make it difficult to do business with him. Other banks, in that case, will have the offer of accounts on perfectly equitable terms, and will be justified in taking them. What is specially deprecated here is that spirit of ambition to extend business which will lead to its being taken on unsafe terms, or the allowance of rates which are unprofitable and unreasonable. An association of bankers, like that of the United States, for the furtherance of mutual interests, would be of great advantage both to the banks and to the public.

I will now take the liberty of making a few remarks on the subject of requiring all bank-note issue to be secured by Government debentures.

As the bank charters have still six years to run, this can scarcely be considered a practical question at present. It may, however, be well to give the subject consideration for some time beforehand. A few remarks, therefore, may not be out of place, especially as it has been prominently brought forward by the president of our leading bank.

To begin with, it is well to remember that this is not a new

subject. It was exhaustively discussed in Parliament and through the press sixteen years ago. The Government at that time brought forward a measure for the covering of bank notes by Government bonds, but after discussion, spread over two years, the measure was withdrawn as unsuitable to the circumstances of the country. The system of bank circulation established among us has been the growth of forty or fifty years, and has spread its roots into every department of business. It could not be radically altered without serious disturbance to our commercial interests. The case is not that of considering what is the best theory on the subject, as we might do in establishing a banking law for a new territory. Our bank circulation, whatever its merits or demerits may be, is already *established*. This is no reason why it should not be modified or improved, or even, if need were shown, abolished altogether. But, all must acknowledge that to bring about a fundamental alteration in the whole bank-note system of the country is a matter that should not be entered upon without weighty and pressing reasons. The gravity of the issue may be inferred from the fact that to carry it out must necessarily involve a large diminution in the supply of money available for the mercantile community. There may be differences of opinion as to how many millions or tens of millions this diminution will amount to. But the diminution will necessarily be sufficiently heavy to make itself felt in a scarcity of money. This may or may not be an unmixed evil; but it is certain to transpire, and due weight and consideration should be given to it by the public. This may not be a sufficient reason in itself for allowing things to remain as they are, for if we were troubled with such rotten issues as formerly prevailed in the United States, and by which untold losses accrued to the people, almost any sacrifice would be cheerfully made to get a better system. But it cannot be said that the bank currency of Canada is now, or ever has been, on such a footing as this. On the contrary, the loss suffered by the community during the last fifty years by the failure of banks to redeem their issues has been but a small fraction.

The case may be summed up as follows:

On behalf of alteration and the compelling all banks to cover their issues by Government bonds, it is claimed that a currency thus secured would rest on a solid basis, would circulate in all parts of the Dominion at an equal value, and, if the issuing bank failed would be promptly redeemed.

That for the banks to lend large sums of money to the Government would prevent the necessity of borrowing abroad to the same extent, and would create a home market for Government securities.

That it would prevent the establishment of ephemeral and unsound institutions that are enabled to carry on business wholly by means of the facilities circulation affords them.

That it would be a benefit to the banks themselves to lessen their power of making loans by means of circulation. Such loans, so easily contracted, leading often to inflation of prices and loss both to the merchant and the bank.

That the system has long been tried in the United States, and has proved of great value in providing a sound currency, in which the people have perfect confidence, circulating at par in all sections of the country.

It is sometimes said, also—but this is a mistake—that the circulation of Great Britain is based on this principle.

Against such a fundamental alteration as is proposed, it is ar-

gued: First, that, as above stated, it could not be carried out without a heavy diminution in the supply of money for mercantile purposes.

That the disadvantages, whatever they may be, of the present system, have not been so serious as to call for a remedy involving such grave consequences.

That bank notes are sufficiently negotiable for all practical purposes, in every part of the Dominion, and are now as secure as they can be made (even in the way proposed), by reason of their being constituted a preferential lien on the assets of the bank.

That the system of bank circulation, subject to constant redemption, like that of Canada, is the only one that provides naturally and easily for the expansion and contraction of circulation necessary in an agricultural community.

That a system of fixed issues, which provides neither for contraction nor expansion, has proved a serious detriment in the United States, leading to unnatural scarcity of money at one time, and unnatural redundancy at another.

It is urged, too, that the banks of the United States are all local institutions, each one complete in itself and without branches, and that a system which may be readily and easily worked in that country might lead to serious practical difficulties in Canada, where banks have numerous branches.

It is pointed out, further, that this is a question that affects country districts rather than great monetary centers; that our system of bank circulation is the one conducing to the greatest economy of capital, in doing the business of a sparsely-settled country, where capital in the shape of money is not, by any means, abundant; and that the conditions of circulation are so radically different in monetary centers and outlying communities that no argument can be carried from the one to the other.

With regard to preventing the establishment of unsound institutions, it is contended that the responsibility of this rests with the Government, and that it could be fully secured by legislation similar to that of Sir Robert Peel's Banking Act of 1844.

I am aware what rejoinders could be made to some of these arguments. But it cannot be denied that this is a very grave question, affecting, as it does, the whole mercantile and industrial community of the Dominion, and that it should be dealt with in a cautious and conservative spirit. It is not the condition of things in this city or province only that must be considered. Banking is within the sphere of the Dominion Government, and the interests of Ontario, of the Maritime Provinces, and of Manitoba, must be looked at, and that in view of the future as well as the present.

Before the time for legislation comes, many circumstances may have transpired of which we are now in ignorance. These may affect any conclusion that we may arrive at. But my present impression is, without committing myself or the bank to details, or, in fact, definitely at all, that this country would do well, when the time comes for legislation, to follow the lines of Sir Robert Peel's Acts of 1844 and 1845. On this basis the whole banking system of Great Britain has rested for the last forty years. These Acts dealt with the circulation, first, of the Bank of England; secondly, of the country banks of England and Wales; thirdly, of the banks in Scotland and Ireland, and its provisions deserve attention whenever the subject of bank circulation is discussed. I. With regard to the country banks of England it was provided, first, that no new banks should

be established having the right to issue notes; second, that existing banks should continue to have the right to the extent of their average circulation in the three years preceding the passing of the Act. The country bank circulation is still carried on in England on this basis, and returns respecting it are periodically published. The total amount of such notes in circulation last February was £2,986,000. It is an utterly erroneous notion, though somewhat prevalent, that the Bank of England is the only bank in England that issues notes.

II. In Scotland and Ireland, as in England, no new issuing bank can be established; but the banks were allowed to continue their circulation on the same basis as the country banks of England, with the additional proviso, however, that any bank might issue beyond the three years' average on holding gold good for the excess. This the banks of Scotland and Ireland take care to do, and have practically continued their issues as before. The circulation of the Irish banks according to the latest return, was £6,224,000. The circulation of the Scotch banks was £5,378,000.

III. The provisions of the Act with respect to the Bank of England are worth studying. For though we have no Bank in Canada corresponding to the Bank of England, our Government issues notes which are a legal tender, like those of the Bank of England, and which are redeemable in gold at the Government Treasuries. Recognizing the fact that a legal-tender note, which cannot be refused, no matter how large its amount, requires to be on an exceptionally secure basis, the Act provided that the bank, as heretofore, might issue notes to a certain amount fixed by the Act against Government securities, but that the whole excess should be represented by gold in its actual possession. To secure this latter a department of the bank was created, whose sole function is to give gold for notes and notes for gold. Sir Robert Peel's Act, it was supposed, would accomplish many things which experience has proved it incapable of doing, such as the prevention of overtrading, inflation, and their consequences in panics and revulsions. These have been as rampant and violent in England since the Act was passed as they were before. But it has done one thing beyond question—It has secured that gold should always be forthcoming whenever Bank of England notes should be presented for redemption.

If the leading lines of banking legislation in England were followed here, any new banks chartered would be prohibited from issuing notes. Existing banks would be authorized to issue henceforth to the average of their issues of three preceding years. As the system of Scotland or Ireland is undoubtedly more applicable to Canada than that of England, they would further be allowed to issue, as need might require, on gold specifically held for the purpose. The adoption of this method would check the establishment of unsound banks would give every needful facility for future business, would prevent any curtailment of the supply of mercantile funds, and provide for regular expansion and contraction. As to security, the bank currency of Canada is as secure as it can be already.

Applying the same principle to the notes of our Government, I may remark that I am not now, and never have been, in favor of the Government of this or any other country issuing circulating notes. There are grave and weighty reasons against it, which reasons I have stated at the proper time and place, and am ready to do so again if called on.

The theory of our Dominion notes, however, is not a practical question at present. But events during this very year have shown the propriety of strengthening the gold reserve for such notes. As these notes are a legal tender in which all banks can pay their depositors, and as the banks are compelled by law to hold a certain percentage of such notes, instead of gold (which some of them would much prefer), I submit that it is a matter of the greatest importance that the gold basis of our Government issues shall be so wide that the redemption or payment of gold for legal-tender notes can be carried on with the same facility as the issue department of the Bank of England. There would be more likelihood of this being the case if the foundation on which the Act was originally based, under Sir Francis Hincks as Finance Minister, had been adhered to. I may be allowed to express the hope that this matter may receive the attention of our Government at no distant opportunity. There is no reason why a change should not be made during the next session of Parliament. Meantime it would be desirable for the Treasury to increase its holdings of gold.

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## ENGLISH BANKING PRACTICE.

[ CONTINUED FROM THE JULY NUMBER. ]

*Spoiled Stamps* may be recovered within six months from their date, if the bills have not been accepted or presented for acceptance. Fuller information will be found in the *Banker's Almanac*, or can be obtained from any stamp distributor.

The stamp cannot be impressed upon inland bills after they are made, nor can a stamp of sufficient value be supplemented. A fresh bill must be drawn.

*Presentation for Payment.*—On the day a bill matures it should without fail be presented for payment at the place indicated in the acceptance, even if the holders have met the acceptor elsewhere, or if he has said, before maturity, that he will not pay it, or if he has failed, or is dead. It need not be to the acceptor himself, if presented at his office or house to anyone apparently in a position to give an answer, and it must be tendered within his usual business hours. The bill itself should be actually presented, the acceptor is not bound to send down for it. If it is not presented on the due date, though the indorsers are discharged, he is still liable upon the bill, subject to relief for any loss accruing to him in consequence of the delay. If the bill has been accepted for honor, it should be first presented for payment to the original drawee, and on his refusal notice should be given at once to the acceptor for honor, to whom, after protest for non-payment, application should be made for payment with charges, not later than the business day following the due date. If the drawees are not partners, the bill must be presented to each of them, unless a place of payment is indicated upon it.

Some banks do not like to receive bills for collection more than three or four days before maturity, but it is well that they should arrive at least the day before maturity, or a little earlier if not payable at a bank, because the banker may wish for special instructions before incurring heavy charges for presenting, if the acceptor live miles away as sometimes happens.

Banks usually indorse bills they send out for collection, placing over the indorsement the word "received," thus converting it into a receipt and hindering further negotiation in case the bills are lost. Receipts on bills duly stamped require no receipt stamp.

When a bill not domiciled at a bank is not paid on presentation, it is usual to leave a notice describing it and requesting that the amount may be sent to the bank within business hours. If a bill *for collection* falls due after the death of the depositor it should, on collection, be passed to the credit of his executors, unless the banker has a lien on the document.

Delay in presentation is excused so long as it is *entirely* beyond the control of the holder.

Payment should be made at the place indicated in the acceptance. The acceptor naturally is the person who ought to pay the bill at maturity; but if he does not, any indorser paying it is entitled to prove upon the acceptor's estate for the amount, with expenses and interest, and he is also entitled to the benefit of any securities which may have been deposited with the holder by the acceptor to cover the bill.

If payment is not made in legal tender the bill should not, under ordinary circumstances, be surrendered until the articles received in payment have been converted into cash, and even then should anything be reclaimed there is no recourse against any of the parties to the bill, except the acceptor, unless they have given their permission for such articles to be taken in payment. If a check is tendered in payment the bill should not be surrendered but attached to the check to be given up with it on its being cashed, and under no circumstances should a check be received which cannot be converted into cash on the day the bill is due.

Part payment should be indorsed on the bill thus: "Received pounds in part payment of within bill, without prejudice to the rights of other parties." If the bill has to be sent abroad it should be protested for the unpaid balance.

In case of payment after dishonor, the drawee should reimburse the holder for the expense of noting or protest ("Brookes' Law of Notaries.") Payment by a bank where the bill is domiciled can be made, if the acceptor keeps his account there, without any advice beyond the acceptance on the bill, though some provincial banks refuse payment of such bills unless special orders to pay are given by the acceptors.

If the bill is payable at the London agents of his bankers, the acceptor must of course request them (his bankers) to order their agents to pay it, and such instructions should be given sufficiently before maturity of the bill to enable them to be repeated to London before the due date. A customer's order to his bankers to protect his own acceptances requires no revenue stamp; if to retire another man's acceptances, it should probably be stamped. If documents are attached to an acceptance, they should be fully described in the order to retire it. Care should be taken to disclaim all responsibility in case of bills to be retired which are not payable at the office of the country bank's own agent, or which are to be taken up with noting. The order may be advantageously worded, "Instruct your London agents to pay above acceptances when presented at their office."

*Bills Advised but not Presented for Payment.*—When orders are received by a banker to retire a bill payable at his London agents

he will debit his customer and credit them. If the bill is not paid within a reasonable time he should advise his customer and seek his instructions. If he desires the order to be canceled, after having done so and having made sure that the advice is also canceled by his agents, the banker should reverse the entry and credit his customer again. One judge has, somewhat unreasonably, demurred to interest being charged against the customer under such circumstances whilst the amount was standing to his debit.

*Orders to Retire Acceptances.*—These should be signed exactly the same as a check, unless special instructions are given at the opening of an account.

If such an order is received near the maturity of a bill, and the customer's account will not warrant the bankers in providing for it, it is not enough simply to acknowledge receipt of the order, they must distinctly intimate that their attention to it depends upon their being provided with funds.

*Special Appropriations* of payments to credit must be attended to, and if a customer pays in money, and at the same time declares it is to meet certain bills, the banker is bound so to appropriate it.

*Acceptances of Strangers.*—A banker cannot be compelled to receive money to retire bills domiciled with him or his agents by persons having no account with him, and he should always refuse to retire bills at the request of persons other than the acceptors, even if he knows them, because this opens a field for fraud and forgery. Attention to this rule would prove of mutual advantage to all bankers.

*The Death of Acceptor* before payment of the bill, if known to the bankers cancels their authority to pay, and so does his bankruptcy.

Payment must of course be only made upon the accepted part when a bill is drawn in sets, and all indorsements must be followed even though there be a break in the specialty, and though the indorsements are in a foreign language.

If payment is made to a holder whose title depends upon a forged indorsement, the payer cannot charge his customer with the bill, though he may (perhaps) recover from the person to whom he paid the money. If the forgery be in the acceptance itself, not in the indorsements, he cannot recover from the holder, unless he discover the forgery and give notice of it on the very day the bill is due. The like holds good as to letters of credit, where the issuer stands in the same position, as to forgery, as the acceptor of a bill.

*Payment for Honor.*—This should only be made after the bill has been presented to the drawee and protested for non-payment.

*Payment under Rebate.*—In addition to the notes on this point under the head of "Acceptance," it may be remarked that the discharge should be "Received payment under rebate from  
@ per cent. this day of ."

If a bill has no documents attached to it, or if they are surrendered to the acceptor on acceptance or at any time before the maturity of the bill, he cannot insist upon the bill being surrendered under rebate.

If a bill is given up under rebate because the acceptor is weak or has failed, the person who receives the money should cancel his indorsement, so as to preclude future liability under any possible circumstances.

*Bills Recalled.*—It is well to ascertain the reason of the recall, whether because the acceptor has remitted direct to the drawer, or because he requires assistance to meet the bill or a renewal of it, in which case a note should be made in the opinion book, for future guidance. Acceptances recalled before maturity should not be canceled, neither should they at maturity, if retired by other than the acceptors, in which case therefore do not order payment but "withdrawal" of the bills.

*Non-Payment.*—If a bill is not paid on presentation on the due date, it should, if not a purely inland bill, be certainly noted the same day, though the protest can be completed on a future day. If, however, there is no available notary, the protest must be made on the due date. It is useless to attempt a protest after the due date, unless in the usual course of business a bill has been sent by post direct to the house where it is domiciled, when it can immediately on its return, be protested as from the due date, if it leave the domicile on that date. Where no notary is available, any householder or responsible person may give a certificate, signed by two witnesses, attesting the dishonor of a bill, which will operate in all respects as a protest.

The certificate should run:

"Know all men that I, A B. (householder), of \_\_\_\_\_ in the county of \_\_\_\_\_ in the United Kingdom, at the request of C. D., there being no notary public available, did on the \_\_\_\_\_ day of \_\_\_\_\_ 188\_\_\_\_, at \_\_\_\_\_ demand payment (or acceptance) of the bill of exchange hereunder written from E. F., to which demand he made answer

wherefore I now, in the presence of G. H. and I. K., do protest the said bill of exchange.

"(Signed) A. B.

"G. H., }  
I. K., } Witnesses.

"(Who give full addresses and occupations)."

A precise copy of the bill, back and front, with *all* that is written thereon, should follow.

This form of protest must bear a shilling stamp, for which post-stamps are available.

It is not now necessary to note inland bills on dishonor, but if the amount is of any importance, and there is any probability of legal proceedings being required, it is perhaps expedient to do so.

Upon a bill being dishonored it should on the day following the due date be returned to the customer and his account be debited, but if the banker do not wish to give up his lien on the bill, it should be retained and notice of the dishonor sent in writing to *all* the parties to the bill whose addresses are known and against whom he wishes to have recourse. A useful form for notice is:

"Bank, Stratford, 17 February, 1885.  
To A. B. of X. Please take notice that C. D.'s draft upon E. F. of Y., dated 12 November, 1884, at 3 months' date, due 15 February, 1885, payable at Jones, Lloyd & Co., upon which you are liable as (drawer, indorser, or acceptor) has been returned to us dishonored by non-acceptance (or non-payment) and we request immediate payment thereof by you with expenses, £  
Total, £

"G. H. & Co."



If this notice is sent by post its miscarriage, if due to the Post-office, does not prejudice the holder's claim. If the addresses on the bill are insufficient or incorrect, and the full or correct addresses cannot be ascertained, the notices should be sent to the addresses that are given on the bill. Neither the death nor bankruptcy of any of the parties should deter the holder from serving notice upon their representatives, and he should, if possible, send notice on the very day he hears of the dishonor, though if the person to whom he has to send it is in another place, he may be allowed to send on the business day following the day on which he became aware of the dishonor.

If instead of an indorsement any person guarantees due payment of the bill, "as though indorsed by me," notice should also be given to him. The holder of a dishonored bill is entitled to recover the amount of the bill, interest from the due date or from date of presentation if a demand document, and also the expense of noting and of protest, if necessary.

If the dishonored document is one received from a casual customer the banker should not wait for him to call before giving notice but should advise him at once of the dishonor. If a bill has been protested for non-acceptance it should when refused payment be again protested.

When a bill is paid on presentation by the notary after dishonor, it is customary for him to insist upon his fee being also paid. There is, however, a legal decision to the effect that he cannot enforce this claim against the acceptor. After a bill has been dishonored great care must be exercised in making any definite arrangement as to postponing payment with any of the principal parties, or the holder may lose his claim against the other persons liable on the bill, unless when making it he stipulates "without prejudice to my claim on the other persons liable thereon." It is well, therefore, to obtain the written sanction of any one on whom the holder relies to such an arrangement before completing it. Of course, a banker will not exchange a dishonored bill for one payable at a future date, unless he is prepared to give up all his rights against the parties to the old bill in exchange for those acquired upon the new one. A composition accepted from an acceptor voluntarily (without compulsion of law) releases the indorsers unless their consent is first secured. It is usual not to return an unpaid bill until the day following its dishonor, therefore it is not safe to assume that a bill is paid until time has elapsed for it to have arrived if returned the day after it fell due, assuming there is no delay in the post office.

All dishonors which are not due to clerical errors, or which are not satisfactorily explained, should be noted in the opinion register against the acceptor.

*Short Bills.*—Bills not discounted, or which are not by the custom between the bank and the customer considered as actually sold to the banker, remain the customer's property subject to the banker's lien, but if the banker has wrongfully parted with them to a third party the customer cannot follow them. Such bills are sometimes called "Bills for Collection," sometimes "Short Bills," because often they are not carried out into the cash column of the pass book but entered "short" of it.

*Lost Bills and Notes.*—The remarks upon lost checks are applicable here, but if bankers are requested to stop payment of a draft issued by themselves, it will be well for them to be quite satisfied

that the applicant has good cause to warrant his application, and they should take a good indemnity for so doing as, if there is no forgery, a *bona fide* holder may compel them to pay him.

If a bill is lost or destroyed application for acceptance or payment should be made on a written copy or on a written description, by a notary, or in protest form, and the drawee should be warned against accepting or paying on the demand of any other person than the one on whose behalf the protest is made.

*Bills Withdrawn* from a banker should be applied for by the drawee's name, the due date and the amount.

#### PROMISSORY NOTES.

These generally are subject to the law of bills of exchange; they must be duly stamped, contain an absolute promise of payment, and should state the consideration, *i. e.*, "for value received," &c., &c., though this is immaterial in the hands of a *bona fide* holder for value.

They may be given by one promisor or by several. In the latter case the promisors (or makers) may promise jointly, severally, or jointly and severally. They may be payable to bearer or order or to a designated individual only. They are subject to the Statute of Limitations, which makes them inoperative if for six years after date of maturity no acknowledgment has been made of the liability, either actually or inferentially as by payment of interest on the principal sum. If they contain a pledge of collateral security with an authority to dispose of it, they are not invalidated thereby, but great care should be taken not to make the note into an agreement.

A joint note is good only against all makers *together*; a joint and several note is good against all together or against each of the makers separately. A note in the form "I promise to pay," signed by several makers, is considered a joint and several note.

[TO BE CONTINUED.]

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#### BANK CHECKS TO BEARER.

The New York *Journal of Commerce* has made inquiry among the banks in this city concerning the payment of checks payable to bearer. The president of a prominent Wall Street institution said that his bank did not pay checks above \$500 in amount to bearer. Such checks must be drawn to the order of some one, who, if not known, must be identified. Small checks, say of \$50 or so, drawn to bearer, were paid on presentation, if they were apparently all right. The paying teller of the same bank said he was governed by the circumstances of each case as to checks below the limit named by the president, indorsement or identification, or both, being sometimes required as a protection to the bank, and in order to make it as difficult as possible for money to be drawn fraudulently.

The president of another institution said their practice was to pay checks according to their tenor. As now very commonly drawn, the printed form reads, "Pay to the order of —," and the word "bearer" is added, without erasure of any preceding words. In such cases he considered that the check demanded the bearer's indorsement, and was not properly payable without. The drawer would have a right to complain if it should be paid unless indorsed. The

bank asked the indorsement both as a duty to the drawer and a protection to itself. A check drawn "Pay to bearer," however, without the words "order of," would be paid on presentation, unless something suspicious appeared, or the amount was large.

The next president consulted said that his bank required identification, either by indorsement or otherwise. His object was not to protect the bank against forgery, but merely to avoid payment to the wrong person—some one who had picked the check up on the street or got hold of it in an unlawful way.

Another bank official said that, with respect to the large part of their business done through the exchanges, checks drawn to bearer were paid as presented, but such checks offered at the counter by strangers would not be paid unless indorsed or they were properly identified.

The next banker called on said that large checks to bearer would not be paid unless the drawer came in person, or sent some one known to the bank. Checks of \$50 or \$75, payable to the bearer, were generally paid, unless presented by boys.

A leading Nassau Street bank president said their rule was to be satisfied, in one way or another, that the payment would be all right. The bank was under no obligation to the check-holder, and would refuse to pay unless he could satisfy the bank. Being reminded that there was a conflict of authority on the question whether the check-holder cannot sue the bank for refusing to pay, he expressed perfect confidence that no such right exists. He knew that the drawer might sue for damages, but the check-holder cannot.

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## UNITED STATES CIRCUIT COURT—NORTHERN DISTRICT OF ILLINOIS.

*First Nat. Bank of Worcester, Mass. v. Lock Stitch Fence Co., et al.;*  
*Central Nat. Bank of Mass. v. the same Defendants.*

If a third person puts his name in blank on the back of a promissory note at the time it is made, and before it is indorsed by the payee, to give the maker credit with the payee, he must be considered as a joint maker. As the question is one of general commercial law, the Federal Court is not bound by the course of judicial decision upon it, even in the State where the note was executed and made payable.

These were two suits upon promissory notes, one for \$2,121 and the other for \$1,123.59, both dated January 1, 1884, due twelve months after date, and payable to the order of Washburne & Moen Manufacturing Company, at the First National Bank of Joliet, Ill. The plaintiff in each case is a banking corporation, organized under the laws of the United States, and located in Massachusetts. The defendants are citizens of Illinois, the defendant Lock Stitch Fence Company being a corporation, having its principal office and place of business at Joliet. The declaration in each case contained a single count, in which the defendants were charged as joint makers of the note set out in the declaration, and as such jointly liable to the plaintiffs thereon. To each declaration there was originally a plea of the general issue. Amended pleas were subsequently filed, in which it was averred that the defendants were not, and never were, jointly liable in respect to the several supposed causes of ac-

tion in the declaration mentioned, or any or either of them, which pleas were duly verified.

It is provided by section 36 of the Practice Act of Illinois (chap. 110, Cothran's Annotated Ed., 1883, Rev. Stat. Ill.) that "in actions upon contracts expressed or implied against two or more defendants as partners or joint obligors or payors, whether so alleged or not, proof of the joint liability or partnership of the defendants . . . shall not, in the first instance, be required to entitle the plaintiff to judgment, unless such proof shall be rendered necessary by pleading in abatement, or unless the defendant shall file a plea in bar denying the partnership or joint liability, or the execution of the instrument sued upon, verified by affidavit."

The notes in suit were executed and were payable in Illinois. On the face of each note appeared the signature of the defendant Lock Stitch Fence Company, by J. E. Dillman, treasurer, as the maker thereof, and on the back of each were the following indorsements in the following order: L. E. Dillman, A. H. Shreffler, A. N. Kleinfelter, A. Dillman, Washburne & Moen Mfg. Co., P. L. Moen, treasurer.

Dyer, J.—What liability is assumed by a third party who places his name upon the back of a negotiable promissory note at the time of its execution by the maker, and before its delivery to the payee; and must liability in such case be determined in this court according to the course of judicial decision in the State where the obligation was incurred? Whether in the case stated the liability is that of original promisor, indorser or guarantor, has been a question upon which great diversity of opinion has existed in many of the courts of the States. But the growing current of authority even before *Good v. Martin*, 95 U. S. 90, seemed to tend toward the view that the liability assumed by a third party who thus indorsed a note in blank was that of original promisor, although a different rule was, and is yet, adhered to in some of the States. In New York it has been held in a long line of cases, of which *Haviland v. Haviland*, 14 Hun. 627; *Phelps v. Vischer*, 50 N. Y. 69, and *Coulter v. Richmond*, 59 N. Y. 478, are examples, that presumptively such a party stands to the paper in the relation of indorser, but that this presumption may be rebutted by parol proof that the indorsement was made to give the maker credit with the payee. The same rule of liability prevails in Wisconsin: *Cady v. Shepard*, 12 Wis. 639. In Massachusetts it is held, in a series of cases too extended for citation, that if a third person place his name in blank on the back of a note before its delivery to the payee, he is an original promisor, and the presumption is, in the absence of anything to the contrary, that the names on the back and on the face of the note were written at the same time. To the same effect are 1 *Parsons Contr.* (6 Ed.) 243; *Irish v. Cutter*, 31 Me., 536; *Schneider v. Schiffman*, 20 Mo. 571; *Orrick v. Colston*, 7 Gratt. 189; *Riggs v. Waldo*, 2 Cal. 485; *Sylvester v. Downer*, 20 Vt. 355; *Lewis v. Harvey*, 18 Mo. 74.

In this State it appears to be the established rule that a blank indorsement by a third party, made under the circumstances heretofore stated, is *prima facie* evidence of a liability in the capacity of a guarantor. In most of the cases wherein it has been so held, the holder sought to enforce against such third party the liability of guarantor, and the contention of the latter was that he could only be made liable as indorser: *Camden v. McCoy*, 3 Scam. 436; *Cushman v. Dement*, 3 Id. 497; *Carroll v. Weld*, 13 Ill. 683; *Klein v. Currier*,

14 Id. 247; *Webster v. Cobb*, 17 Id. 459; *Heints v. Cahn*, 29 Id. 308; *Glickauf v. Kaufman*, 73 Id. 373; *Boynton v. Pierce*, 79 Id. 145; *Stowell v. Raymond*, 83 Id. 120; *Wallace v. Goold*, 91 Id. 15.

But *Good v. Martin*, *supra*, must be regarded, I think, as settling the law upon this vexed question in the Federal courts. In that case Good indorsed a note in blank after it was signed by the makers and before its delivery to the payee, and it was sought to hold him as a joint maker. In the opinion of the court the authorities are reviewed, and it is distinctly held (1) that if a third person put his name in blank on the back of a note at the time it was made and before it was indorsed by the payee, to give the maker credit with the payee, or if he participated in the consideration of the note, he must be considered as a joint maker. (2) But if his indorsement was subsequent to the making of the note and to the delivery of the same to take effect, and he put his name there at the request of the maker, pursuant to a contract of the maker with the payee for further indulgence or forbearance, he can only be held as guarantor. (3) If the note was intended for discount, and he put his name on the back of it with the understanding of all the parties that his indorsement would be inoperative until the instrument was indorsed by the payee, he would then be liable only as a second indorser, in the commercial sense. Says Mr. Justice Clifford, speaking for the Court, "Where the indorsement is in blank, if made before the payee, the liability must be either as an original promisor or guarantor; and parol proof is admissible to show whether the indorsement was made before the indorsement of the payee and before the instrument was delivered to take effect, or after the payee had become the holder of the same; and if before, then the party so indorsing the note may be charged as an original promisor; but if after the payee became the holder, then such a party can only be held as guarantor, unless the terms of the indorsement show that he intended to be liable only as second indorser, in which event he is entitled to the privileges accorded to such an indorser by the commercial law."

Applying to the cases at bar the principles thus laid down, it cannot be doubted that *prima facie* the liability of the defendant indorsers on the notes in suit is that of original promisors; nor can it be successfully questioned in the light of this adjudication that the notes themselves with the indorsements thereon are evidence of such liability; for if the indorsement were made at the inception of the note, they are presumed to have been made for the same consideration and a part of the original contracts expressed by the notes: *Good v. Martin*, *supra*. Whether the liability of these parties on the notes is shown by the parol proof of the facts and circumstances which took place at the time of the transaction, to be other than as above stated, will be considered in a subsequent part of this opinion.

But it was contended by counsel for the defendants that, as the notes in suit were executed and were made payable in this State, the law of the State, as established by the course of judicial decision here, must prevail in determining the character of the liability assumed by the defendant indorsers. This proposition was urged with much plausibility and force. That the question here involved is one of general commercial law, must be admitted. The decisions in Illinois which have been cited are not founded upon any local statute, nor, in my opinion upon any such local usage as is alluded to in *Swift v. Tyson*, 16 Pet. 1. Nor does the determination of liability in the cases at bar rest upon an interpretation of any statute

or consideration of any local usage. It involves simply the legal relation which certain parties bear to instruments of a commercial nature, the true interpretation and effect whereof are to be sought, not in the decisions of the local tribunals, but in the general principles and doctrines of commercial jurisprudence.

The case of *Swift v. Tyson*, *supra*, is so familiar that extended reference to it is unnecessary. It had been held for a series of years in New York by the Supreme Court of that State, that a pre-existing debt was not a sufficient consideration to shut out the equities of the original parties in favor of the holders. But in *Swift v. Tyson*, which came up from New York, the Supreme Court of the United States held a contrary doctrine to that announced by the courts of the State upon the question of the right of a *bona-fide* holder of a bill of exchange, who had taken it before maturity in payment of a pre-existing debt, without notice of any equities between the original parties, to recover without regard to such equities.

In *Oates v. National Bank*, 100 U. S. 239, a commercial transaction was under consideration which arose in Alabama. It was an action by a National bank located in that State, against a citizen of that State, upon a promissory note there executed and there made payable and negotiated. It was contended that the decision of the Supreme Court of Alabama should be accepted as the law governing the rights of the parties. But in reply to that contention, the Supreme Court of the United States said: "While the Federal courts must regard the laws of the several States, and their construction by the State courts (except when the Constitution, treaties or Statutes of the United States otherwise provide), as rules of decision in trials at common law in the courts of the United States, in cases where applicable, they are not bound by the decisions of those courts upon questions of general commercial law. Such is the established doctrine of this court, so frequently announced that we need only refer to a few of the leading cases bearing upon the subject: *Swift v. Tyson*, 16 Pet. 1; *Carpenter v. Prov. Ins. Co.*, Id. 495; *Watson v. Tarpley*, 18 How. 517."

Again, in *Railroad Co. v. National Bank*, 102 U. S. 14, the question was whether the holder of negotiable paper transferred *merely* as collateral security for an antecedent debt, nothing more, it not a holder for value within the rules of commercial law which protect such paper against the equities of prior parties. Mr. Justice Harlan, speaking for the court, in a very able opinion, admitted that if the principles announced in the highest court of the State of New York were to be applied to the case, a different conclusion would be reached than that announced in the opinion. The note in suit was executed and made payable in the State of New York, but the court reaffirmed the doctrine of *Swift v. Tyson* and *Oates v. National Bank*, and refused to follow the decisions of the State court.

Upon the authority of these cases I must hold that, as the question in judgment is one of general commercial law, the decisions of the courts of the State upon it, though commanding, as they should, our attention and high respect, are not necessarily controlling here. Especially is this so, if *Good v. Martin*, *supra*, is to be considered, as I think it must be, an exposition of the law upon the question of the character of the liability presumptively assumed by the defendant indorsers, when they placed their names on the back of the notes in suit.

This act of the parties occurred at the inception of the notes, and before their delivery to the payee. Their indorsements, therefore, must be presumed to have been made for the same consideration as that expressed in the notes and as part of the original contracts. As we have seen, an affirmative admission was entered on the record before the plaintiffs rested their case, that the defendant indorsers indorsed the notes prior to their delivery to the payee. But without such admission the notes themselves, with the indorsements thereon in the order in which they appear in connection with the presumption arising therefrom, afforded *prima facie* evidence of liability as original promisers within the doctrine of *Good v. Martin*. This was proof that satisfied the requirement of section 36 of the Practice Act before quoted, wherein it imposed upon the plaintiffs, as in such cases undoubtedly it does when a verified plea denying joint liability is filed, the burden of showing the joint liability of the defendants.

It remains only to consider whether the extrinsic oral testimony tending to show the circumstances under which the defendant indorsers placed their names on the notes, overcomes or changes the *prima facie* case made by the plaintiffs. In *Good v. Martin* it was held that the interpretation of the contract in such case ought to be such as carries into effect the true intention of the parties, which may be made out by parol proof of the facts and circumstances which took place at the time of the transaction. The language of the opinion makes it somewhat doubtful whether the court meant to go further than to hold that parol proof is admissible to show whether the indorsement of the third party was made before the indorsement of the payee, and before the instrument was delivered to take effect, or after the payee had become the holder of the same. Little doubt, however, arises of the meaning and effect of the transaction between the parties in the cases in hand, even if the testimony orally given is all admissible. The defendant indorsers represented all the stockholders and officers of the company which executed the notes. The notes were given on account of a debt owing from the company to the payee. They were duly executed by the maker, and then, before delivery, indorsed by the other defendants. Credit was thereby given the maker with the payee, and such was the intention of the parties. The relations of the indorsers to the company made them, in a certain sense, participants in the consideration of the notes. The president of the company testified that Mr. Washburne said when the note was executed, that as he did not know much about the corporation, and as the parties who afterward indorsed the notes owned all the stock, he desired them to become *personally responsible* on the notes. All this clearly adds to the *prima facie* case made by the notes themselves, cumulative and convincing proof of such a relation to the defendant indorsers to the notes as establishes their liability as co-promisors within even a restricted view of *Good v. Martin*. But it is contended that an intention is evinced to create only the liability of guarantors, by the further testimony of the president of the company, that in the conversation with Washburne, the word "guarantee" was used; that after he said that he required the defendant indorsers to become "personally responsible," he used the expression that the defendants should guarantee the debt." The real relation of the parties in the transaction to the notes they indorsed, cannot be modified or changed by a form of technical expression that may have been used at the time, so as to affect the character of their liability.

They indorsed the notes in blank. No words of express guaranty were employed to qualify the indorsement. It is apparent that the only object of the indorsements was to create an additional personal responsibility, and secure credit to the maker with the payee, and the defendants must be held charged with the legal liability fairly flowing from their acts.

Judgment will be entered against all the defendants as jointly liable upon the notes in suit.

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## ECONOMIC NOTES.

### THE CHEAP AND THE DEAR SELLER.

Is it not the first law of economics that the cheap seller will supersede the dear seller, and get all his market away? Certainly that is true in the long run, but it is not true in five minutes. The difficulties in the way of the "undercutter," or underseller, are very great indeed. In the first place, "the trade" hate him, and the hatred of the trade is unpleasant. Then the buyer who cares about a fall of a penny, is always wanting credit, and does not like to quit the man who will give it, and who regards desertion as the one unpardonable sin. Moreover he, or rather she, believes in the customary price, and, whatever the newspapers may say, cannot get rid of the impression that somehow the underseller is giving her, in some way, inferior quality for her money—a belief diligently encouraged by the regular tradesman. And lastly, the underseller being anxious mainly for accidental custom, is neither so obliging nor so patient, nor so careful about deliveries as his established rival. So strongly do these three causes work together, that we have heard of instances in which bakers in populous neighborhoods have bought their underselling rivals' stocks and sold them at their own prices without their customers either knowing or resenting the tax so directly levied. The force of habit, which even arrests downfalls in bread, is much stronger as to articles less needed and less accurately understood, till we arrive at cases in which, as in the milk trade, cheapness is positively suspected or disliked, as if it must, of necessity, be based upon some fraud. As a rule, however, the demand that a customary and low price should be lower still, comes with surprising slowness, and the distributors, when their wholesale market has given way, enjoy unexpected profits continuously for months.—*The Spectator*.

### A RETURN TO GOLD MINING.

With so much of discouragement on every hand, with one thing after another slipping from under their feet, our people are beginning to ask, says a writer in the *Engineering and Mining Journal*, what there is they can take hold of that will not miscarry, and, in spite of their best endeavors, end in disappointment. Looking about and studying the situation, they remember that California was once a great gold-producing country. Turning their eyes inland they see a broad auriferous belt stretching for 500 miles along the foot-hills of the Sierra. They know that this belt abounds with rich mineral deposits, comparatively few of which have ever been developed. They know that these deposits, where properly worked, have proved tolerably remunerative, and that for several years past the most of them have paid remarkably well. They know that we have been making great progress in gold mining, correcting most of the abuses



and mistakes once so common; and, reflecting on all this, there is a growing conviction among our people that they may have let go this business a little too soon; that, fostered by capital and carefully looked after, it would have yielded better returns, perhaps, than some of our other much-lauded industries. And in this they are probably right. Quartz mining would seem to present as good a field as any open for the investment of money in the State, a fact that our home capitalists have not failed to appreciate, some of them having kept their agents constantly on the look-out for properties of this kind. This increased confidence and activity in mining is not altogether of recent date. It began to manifest itself four or five years ago, having now become so pronounced that many look upon it as marking the advent of a new gold era in California; contending that the business, if not restored to its former supremacy, is sure to become, in the course of a few years, one of our most substantial industries. What has tended greatly to improve the prospects of mining here, by winning to it the support of the better classes of the business community, is the almost total cessation of stock gambling. Dealing in Washoe shares is still kept up in a feeble and fitful way, for the Comstock giant dies hard. Other shares are quite dead, as denoted by the failure of attempts recently made to galvanize the cadaver. Confidence in California gold mining has, furthermore, been much strengthened of late by reason of the many discoveries of valuable quartz lodes that have been made in different parts of the State; these discoveries having occurred not in new territory, but generally in old and once populous districts, sometimes in localities that, having been exhausted of their surface deposits, had come to be neglected or wholly abandoned.

*THE LONDON "STATIST" ON BIMETALLISM.*

It has been sufficiently proved by the experience of Germany and France, as well as by that of the United States, that along with one metal used as standard money it is possible to keep in circulation a certain limited quantity of an inferior metal, also passing as standard. The inferior metal so kept in limited quantity becomes in fact, a species of inconvertible paper, of much higher intrinsic value than inconvertible paper would be, but still maintained in circulation on an equality with the standard money by the limitation of the quantity and the general credit of the Government which issues it. To secure a gold standard, therefore, all that is really necessary for the United States Government, as we have stated, is to suspend from this moment the coinage of silver. Some inconvenience, perhaps, would result from the latter course to different countries throughout the world who either use silver or have relations with silver-using countries. To increase the annual supply of silver to such countries by the amount just now coined in the United States, would probably contribute to a further fall in silver, the effect being doubled, of course, by the greater demand upon gold which would become necessary in the United States through the cessation of the coinage of silver. By the measure, in other words, gold would be appreciated, as well as silver depreciated. Looking at the masses of gold and silver in existence, however, we do not think that the inconvenience thus arising would be very great, and in any case it is not an inconvenience which the United States seem specially bound to consider. They have their own interests to look after; and if those interests require a single monetary standard, as we believe they do, and if it is thought on the whole that gold is better for the purpose than silver, then the

United States ought to use gold alone as the standard money, without much consideration of what other countries may suffer from the appreciation of gold and the depreciation of silver. No doubt a certain interest in the United States is concerned in getting a good price for silver, but as the total annual production of silver in the United States is only about eight millions sterling at present prices, it cannot be said that this interest is a very powerful one in comparison with the great interests of the people of the United States as a whole.

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### THE WARNER SILVER PLAN.

What is known as the "Warner plan" for the adjustment of the silver question, is understood to be the outcome of conferences held since the adjournment of Congress, between Gen. Warner and others on one side, and persons on the other side representing various shades of opposition to the present method of coining silver dollars under the law of February 28, 1878. The two most prominent features of the plan are:

*First.*—The issue to depositors of silver bullion, of certificates of a fixed and unchanging number of dollars declared upon their face, and endowed with at least sufficient functions of being a tender by and to the Government, to give them currency and acceptability as money. In this feature it differs radically from the plans, of which many have been proposed, to issue certificates varying as to the number of dollars for which they shall be current, from day to day, or at other short periods, in proportion to the variation in the relative market valuation of gold and silver bullion. The scheme of a coin, or of a certificate, with a fluctuating money valuation, is absurd to the last degree, and although often broached in this and other countries, it has always been rejected by the common sense of mankind. It is an essential part of the conception of a sound and practical money, that the receiver of it shall have an assurance of his ability to pass it as money at the same rating at which he took it. It surely cannot be necessary to argue the point, that in this particular of giving monetary functions at a fixed dollar valuation to certificates of deposited silver bullion, the Warner plan is the only one fit to be considered.

*Second.*—The Warner plan monetizes silver substantially without limit, at a ratio fixed at every given moment by the then actual market relative valuation of gold and silver bullion. A certificate for ten (10) dollars under this plan is, therefore, not only always a certificate for that number of dollars, no more and no less, but there is the further assurance that these dollars, as certified in respect to their number, shall always have the same market and commercial value at home and abroad as gold dollars, or, in other words, that the certificate shall always have the market and commercial value of ten (10) gold dollars. This steadiness of value relatively to gold is secured under the plan (1) by the original issue of the proposed silver certificates upon the market gold value of the deposited silver, and (2) by the redemption, when demanded, of the certificates, either in an amount of silver equal in gold value, at the time of redemption, to the sum expressed on the certificates, or in dollars, at the option of the Treasury. The latter mode of

redemption is equivalent to a gold redemption, inasmuch as all our lawful dollars are now equal to gold, the paper dollars by convertibility, and the coined silver dollars from the fact that the actual number in existence is not in excess of the quantity which the circulation will sustain at a parity with gold.

In essential respects the monetization of silver by this plan makes it as completely a world's money as if the United States was able to negotiate treaties with leading commercial nations for the coinage of silver at a ratio to gold of  $15\frac{1}{2}$ , or 16, or any other agreed ratio. If we monetize silver at a ratio to gold always exactly corresponding to the market ratio between the metals, we necessarily have an international ratio, inasmuch as the easy mobility of the two precious metals makes their relative market valuation practically the same in all commercial countries at every given time. If, possibly, a settlement of the ratio by treaties would be a better method, it is sufficient to know that no treaties of that kind have so far been made in the history of the world, the Latin Union Treaty not being an example of it, but an arrangement of a special kind between contiguous countries, and having no relation to the matter now being considered. The parties forming the Latin Union Treaty were, when they entered into it, and had long before been, on the double standard and at a common ratio. Furthermore, we know that our own efforts, persisted in since 1878, to negotiate such treaties, have met no success, and extremely little encouragement. And, finally, if such treaties shall prove to be practicable of attainment hereafter, the present monetization of silver by the Warner plan will in no event be an impediment to our entering into such treaties, and will rather tend to facilitate their future negotiation.

Upon the whole, the proposed plan, while it will not satisfy that portion of the gold party which desires to narrow the volume of metallic money to a single metal, does offer a method of monetizing silver, which is not subject to the two objections which are the controlling causes of the opposition of other portions of the gold party to the present method of coining silver dollars, viz.: (1) that it creates a species of money not available for paying debts in important foreign countries which use only gold, and (2) that there is danger of the coinage becoming at last so excessive as to result in a depreciation at home of the market value of the silver dollar as compared with gold.

To me, while quite conscious that advancing age and retirement from active life prevent my knowing very much, as a matter of fact, about the actual tendencies of current public opinion, it seems probable that a very considerable portion of the gold party, if satisfied that silver as proposed to be monetized by the Warner plan, will be as available internationally as gold is, and will not depreciate at home below gold, will feel that it is a recommendation of the plan, rather than an objection to it, that it will expand the mass of metallic money, and thereby check and perhaps reverse the now declining course of general prices, and thus avert greater disasters to industry and production than the world has already suffered.

It is naturally enough distasteful to silver men to regulate the valuation of silver by that of gold, and many of them object to doing that, upon the ground that it will make gold the money standard. Undoubtedly it will do that, in the sense of causing all other descriptions of money in this country, greenbacks, bank notes and silver, to be and remain at a parity with

gold. But it does not make gold the standard, in the sense in which it would be if gold constituted the only money. The monetary standard of a country which fixes prices, and thereby determines the relation of property and labor to debts and taxes, is the total volume of money of all kinds, and the question in this case is, whether the proposed change in the method of using silver as money will increase or lessen the monetary use of it, and thereby increase or lessen the volume of money.

If making gold the standard of the other moneys in use is what is objected to, it is something which already exists, and will, under present laws, continue to exist for an indefinitely long period of years. The coined silver dollar will remain, as it is to-day, exactly equal in market value to the gold dollar, until it is coined in sufficient quantity to expel all the gold from monetary use. If this exact equality did not now exist in the city of New York, and if silver dollars could be purchased at a discount of even one-fourth of one per cent., the entire customs' revenue there would be paid in them, whereas only a small proportion of it is so paid.

The same parity of market value between gold and silver coins of like denominations which exists here, as a consequence of the slow and limited rate at which it is coined, exists in every double-standard country in Europe, as a consequence of the stoppage of the further coinage of silver in all of them.

The enforced parity of market value between gold and silver money, whether it is an evil or otherwise, is an existing fact, and it is also a very permanent fact under our present laws. It is not a new feature to be now for the first time introduced by the Warner plan. What that plan does is to change the method by which the market parity of value between the two metallic moneys is enforced. The present method is a close limitation upon the silver coinage, reducing it \$15,000,000 annually below the production of our own mines. The Warner plan, on the other hand, enforces the parity of the two moneys by a method which imposes no legal limitation upon the conversion of silver to monetary uses.

No reason is apparent why an adjustment of the question of the metallic standards on the general lines of the Warner plan may not harmonize all conflicting interests and opinions in this country, with the exception of the classes and persons who desire that the metallic money of this and all commercial nations shall consist of gold alone. With those classes and persons no compromise is possible, but that extreme party is not numerically powerful, although the number of its real adherents is undoubtedly much greater than the number of those who are willing to avow themselves as such. Aside from those extremists, nothing seems to be needed towards consolidating public opinion upon a practicable measure of monetary adjustment, except that we should conquer our prejudices, and we shall be wonderfully aided in doing that, by remembering that other people as well as ourselves have prejudices, which must be taken into the account, considered, and as far as possible conciliated.

Existing prices in this country are below the range which the actual amount of money would justify. They are kept below that range by what is a hope in some quarters and an apprehension in others, that the existing monetary volume may be contracted still more by further steps in restricting and arresting the coinage of silver. The adoption of the Warner plan,

in view of the commanding position of the United States, as beyond comparison or question the leading commercial and financial nation of the world, would be recognized here and everywhere as the definitive end of the battle of the standards, upon the basis of making the combined mass of gold and silver in itself, and as the basis of representative paper money, the measure of the prices of property and labor. In advance of, and independently of, the actual increase of money by the larger monetary use of silver which the plan involves, prices would rise from the removal of the fear of the further contraction of money, and the rise would probably be much greater and more sudden than is generally anticipated.

GEO. M. WESTON.

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

### I. GRACE ON SIGHT DRAFTS DRAWN UPON A BANK.

Is a bank entitled to grace on a draft upon it drawn "at sight," or on a check dated, say June 26, but which reads "payable June 27"?

REPLY.—As said by our Supreme Court in the case of *Brown v. Newhall*, 8 N. Y. 195, the circumstance that an instrument is drawn on a bank, does not determine its character, for if it did, there could be no days of grace allowed on any drafts drawn on banking associations. Whether or not grace is to be allowed depends upon the form of the instrument, *i. e.*, the time upon which it is drawn. It is the distinctive feature of a check that it is not only a draft upon a bank or banker, but that it is also payable on demand. A draft drawn upon a bank payable at sight is an entirely different instrument, and is as much a bill of exchange as if it were drawn upon an individual, not a banker. It is subject to the same rules as to grace. It is the general rule of the law merchant to allow grace on sight drafts, and this rule has been followed in most of the States (see table in the *Banker's Almanac and Register* for 1885, p. 387), and in Minnesota where the question arises.

Whether a draft upon a bank drawn in the form of a check, but payable at a future day certain, is entitled to grace, is a question upon which the authorities are at variance. See reply in Magazine, August, 1884, p. 147. In our opinion such an instrument is not a check at all, because not payable immediately, but is to be treated as a bill of exchange, and governed by the same rules.

### II. RESPONSIBILITY OF AGENT FOR COLLECTION, &c.

A draws a check on his bank to the order of B, and hands it over to him in payment of a liability. B, without indorsing it, transmits it to creditor C, who lives in another city. C, after having made his own indorsement, receives credit for it on the books of his bank. This bank mails it to a correspondent resident in the drawee's town, and when presentment is made and payment, because of lack of payee's indorsement, is refused, it is sent to protest. Questions:

1. Could a failure to protest have involved the collecting bank in any peril?

2. Ought not the drawees to have certified the check as good when properly indorsed?

REPLY.—1st. Yes. In the absence of notice of dishonor, both A the drawer and C the indorser of the check would be discharged from their liability, and if, before the indorsement of B could be obtained, the drawee bank should fail, or anyone of several contingencies which might be stated should happen, whereby the holder of the check might suffer damage, the collecting bank would be liable for failing to protest and suffering the drawer and indorsers to be discharged. If this check was sent for collection without special instructions in respect to protest, the collecting bank acted with entire propriety in sending it to protest when payment was refused. We do not see how a prudent banker could have done otherwise.

2d. We do not think the drawees should have certified such a check as this. In the first place, certification is a matter of favor, not of right, and in the next place, we do not consider that it is good practice for a bank to certify a check for a party, who apparently has no legal title to it, and when the certification may possibly involve it in some future complication as to the character of which it cannot be certain when the check is presented.

### III. LIABILITY ON DUPLICATE LETTER OF ADVICE.

Some of our stock dealers sell stock at Bushtown and bring to us a ticket of which I send you a copy. What I wish to ask is, Is it the correct thing for us to credit our customer with the amount upon his giving us the ticket, or should we wait to be advised by the Bank of Bushtown that the deposit has been made which is usually sent us by mail the next day?

REPLY.—We understand this so-called "ticket" to be a duplicate of a letter written by the Bushtown Bank to the inquirers, informing them that a sum of money has been deposited to their credit for the benefit of Jones & Smith, and that this duplicate has been delivered by the Bushtown Bank to Baum & Co. for such use by them, or by Jones & Smith, as may be proper. And we understand the inquirers to intend to ask, whether they can safely give Jones & Smith upon receipt of the "ticket," and hold the Bushtown Bank liable, before the receipt of the original letter of advice by mail, and even if no such letter should be received at all.

We think the inquirers are perfectly safe in giving credit upon receipt of the "ticket," and that the Bushtown Bank will be bound for any payments made by the inquirers upon the faith of it when delivered to them. Upon its face it purports to be a statement made to the inquirers by the Bushtown Bank, and we can see no reason why the inquirers have not a right to rely upon a statement made in this manner and to act upon the faith of it. When the "ticket" was issued by the Bushtown Bank, it must have been intended that it might be exhibited to and acted upon by the persons to whom it is addressed.

### IV. OF THE EFFECT OF THE INDORSEMENT, "INDORSEMENT GUARANTEED."

When a banker accepts a check on another bank payable to the order of the party presenting it, but fails to have the said party indorse it, but indorses it himself, as follows: "John Jones, by John Smith," and then sends it to his correspondent in the city, who indorses it and sends it to the bank on which it is drawn, does the indorsement above and the city bank's indorsement serve as a guarantee to the paying bank without the words "indorsement guaranteed" written thereon?

REPLY.—The contract of the indorser of a check is, in general, a contract with subsequent holders of the check, that if the check is duly presented to the bank upon which it is drawn and payment is refused, and due notice of non-payment is given to the indorser, he will pay the amount of it. And the indorser is also held to guarantee *to the holder* that the signature of the drawer and of prior indorsers are genuine; but the indorsement is not evidence of any contract with the bank upon which the check is drawn, and when the check is paid by the drawee it has performed its office, and the liability of the indorser as such is at an end. If a bank pays a check bearing an indorsement either forged or unauthorized, so that the party presenting the check has no title to it, and no right to receive the money on it, the bank may often recover the amount so paid from the party *to whom it has paid it*, but money so recovered is recovered as money paid by mistake and without consideration; and the right to recover in such a case is entirely independent of the fact that the party receiving payment may have indorsed the check. It exists equally where there has been no indorsement, which, when made by the party receiving payment, is substantially nothing more than a receipt for the money.

When a check, bearing an irregular indorsement like this, is presented for payment, the drawee bank is bound, as between its depositor and itself, to show that the indorsement is authorized, and being under this obligation, it has the right, when the check is presented, to take a sufficient time to investigate and satisfy itself that the indorsement is correct, before it can be called upon to make payment. For this reason, as we suppose, the custom has grown up among banks, when the holders of checks bearing such indorsements and wishing immediate payment, to stamp or write upon them before presentment the words "indorsement guaranteed"; and thus to make a contract with the paying bank that, in consideration of immediate payment, they will be responsible for the correctness of the indorsements thus guaranteed. If, however, this special guaranty is not given to the paying bank it has no remedy, in case the payment is disputed by its depositor, except against the party to whom it has paid the money on the check, and this is a remedy which is at best a very uncertain one.

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COMPOUND INTEREST NOTE.—In the matter of the payment of the compound interest Treasury note of \$50 dated July 2, 1864, which was refused by the first auditor on the ground that the note stated erroneously upon its face the date of the act under which it was issued, Comptroller Durham decides that the note is genuine; that the same was issued under and by virtue of the act of June 30, 1864; that this note conforms in every particular to the requirements of said act; that it was unnecessary to inscribe on the note the date of the act under which it was issued; that the inscription on the note "July 2, 1864," was done through mistake, which, however, did not impair the vitality of the note. The note having been issued by the Government, sold in the market and put into circulation, it must be redeemed when presented by its holder at any time after three years from the date of the issue. Hence he sustains the Treasurer in his payment of the note. The comptroller cites several decisions of the Supreme Court to sustain his decision. The whole issue of notes erroneously dated was about \$15,000,000, of which only about \$10,000 remain outstanding.

## BANKING AND FINANCIAL ITEMS.

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**BANKS AND NATIONAL GOLD PAYMENTS.**—THE issue has been joined at last, and the New York bank presidents have had a conference with the Treasurer of the United States to see what measures can be taken to maintain the Government upon a gold basis. There was a meeting to-day of the presidents of the National banks and the Treasurer of the United States, at which it was conceded that the Government might not be able to make gold payments till the next session of Congress, in view of the steady payments of customs duties in silver and the equally steady accumulation of gold by New York banks. Mr. Jordan's meeting with the bank presidents was at their suggestion made at the banquet tendered him at Delmonico's a short time ago, and when he met them this evening he wished it to be understood that the conference was without significance and was unofficial. His suggestion was met in the spirit that it was made, and he gave them a clear and lucid explanation of the condition of the Treasury, and it led to their voting to give the Government \$10,000,000 of gold at once if it was necessary, and more in the future, if it should be needed prior to the meeting of the next Congress. The Government is receiving a majority of all customs duties paid on silver certificates, and hardly two per cent. of it in gold. Treasurer Jordan left with the understanding that the banks would pay out gold more liberally, and after they had voted the transfer of 10,000,000 of gold to the Treasury in settlement of balances, with the promise of more if needed. No antagonism was shown whatever, and the banks seemed as anxious as the Treasurer to prevent any scarcity of the precious metal.

**TRIAL OF BANK OFFICERS.**—The hearing of George W. Bumm, William H. Bumm, and Samuel P. Milligan, charged with conspiring to defraud the Shackamaxon Bank of over \$300,000, took place in Philadelphia on July 7th. The testimony of John S. Kuen, the expert who was employed to examine the books of the bank, was to the effect that in 1883 the firm of Bumm & Sons' checks amounted to \$728,671. At the end of 1884 the firm's account was overdrawn \$144,356, and notes amounting to \$137,000, drawn by two clerks in the firm's employ to the firm's order, were deposited to their credit. In 1885 the firm's overdraft was \$40,521, and the only deposit during the year was \$760. The teller's books showed glaring inaccuracies, the false entries being in one instance as high as \$50,000. Many false additions were shown. Joseph Conklin, a contractor, swore that he began to deposit in the Shackamaxon Bank in 1874, and about two years later he entered into an arrangement with President William Bumm, now deceased to get money from the bank. Mr. Bumm simply gave him a note, and whenever he wanted money to settle for his contract work he took the note and got the money. This continued until 1882, when President Bumm advised him to draw the money on his personal checks, which he drew when he required it until the time of the failure. He did not keep a bank book, and never made any settlement. After Mr. Bumm's death Conklin went on with his drafts the same as he had before. About two weeks before the failure he deposited \$8,000 in bank with the watchman after it was closed. He turned into the bank since 1883 about \$200,000 in bills and warrants, and in 1878 he had given confessed judgment for \$30,000 to President Bumm. He was to pay six per cent. for all the moneys since Bumm's death. He had drawn \$25,000 or \$30,000. After further testimony of a similar nature, the Bums were held in \$20,000 bail each, and Milligan in \$10,000 bail for trial.



CHARLESTON, S. C.—The charter of the First National Bank of Charleston, S. C., will expire this year. The First National Bank was organized November 20, 1865, with the following officers: President, Andrew Simonds; directors, George W. Williams, W. L. Trenholm, E. W. Marshall, M. C. Mordecai, David Jennings and Archibald Getty. The bank charter was granted in Washington on December 11, 1865, with a nominal capital of \$200,000, but with a paid-in capital of \$100,000. This was increased at various times to \$500,000, and then reduced to \$250,000, making an average capital of about \$300,000, on which dividends to the amount of \$750,000, and taxes and expenses of about \$450,000 have been paid, the bank retaining about \$450,000 surplus (including the premium on its United States bonds) to meet contingencies. A reporter of the *Charleston News and Courier* recently asked the president of the bank, Dr. Andrew Simonds, if the charter would be renewed, to whom he replied: "The difficulties of making money are greater than ever known before, and to keep it when made, the hundred-eyed Argus must watch over it with sleepless eyes. No such depression has existed in our day, and yet we continue to spend money as in flush times. We have to face this double problem to make and to keep. Every investor knows the difficulty of finding stocks which will pay a fair rate, and be at the same time safe. We have to encounter two existing causes of depression, the destruction of capital and the loss of business. Hundreds of millions of dollars have been lost in stock investments, at least one-fourth of which were gambling or fraudulent. Investors will now scrutinize closely before plunging into the unknown seas of hazard. Therefore, I think it safe to say that our shareholders will gladly avail themselves of the privilege of continuing an investment which is both safe and profitable. But if not, there are others ready and eager to take their places. All the capital stands ready without notice to fill any vacancies. The First National Bank will live when its present managers have passed away."

ATLANTA, GA.—When the Grant & Ward failure took place, John H. James, a private banker of Atlanta failed for \$390,000. His depositors were principally of the poorer class, though one of them, James Finley, was caught for \$30,000. An agreement was fixed up, however, by which the Central Bank Block Association was formed, with John H. James as fiscal manager, he pledging his wife's property for interest on the amount involved, and the depositors holding stock to the amount of their deposits. At the annual meeting, which occurred on the 15th of July, the two parties were present, the one composed of the broken banker, who had bought up most of the stock at twenty-five cents on the dollar, and the other headed by James Finley, the heaviest depositor. The two men faced each other angrily in the presence of hundreds of depositors present, Finley making a bitter arraignment of the man who had gotten all his money. The Finley party won in the selection of its ticket for directors.

NEW ORLEANS MINT.—The coinage act of 1873 made it the duty of the Director of the Mint to have the general supervision of all United States mints or assay offices. The first Director acting under the law was the Hon. H. R. Linderman, and in his report on the subject he gives statistics of the coinage in the several mints, showing the total amounts and the denominations of money made at each place for each year of their existence. The New Orleans Mint was opened for business in 1838. Subsequently money of every denomination was made there. The Director's statement is brought down to January 31, 1861, up to which time there had been a total coinage of \$40,148,740 in gold and \$29,764,353 in silver, making a grand total at the New Orleans Mint from its beginning, 1838, to the 31st of January, 1861, in both silver and gold of \$69,913,093. The date at which the Director's report closes was the date at which the mint fell into the hands of the Confederates, Louisiana having seceded from the Union by an ordinance adopted by the State Convention January 26, 1861, and on the 29th of the same month all the Federal offices in the State, including the mint, were directed, by ordinance adopted that day, to be transferred to the custody of the

State of Louisiana. On the 25th of March following they were ordered to be transferred to the care of the Confederate States. Documents lately brought to light show that subsequent to the mint going into the hands of the Louisianians and the Confederates, and up to May 30 of the same year, there were coined \$254,000 in gold double eagles and \$1,101,216.50 in silver half dollars, thus making a total coinage of \$1,356,136.50 while the mint was in the enemy's hands. What was done with this money does not appear from any available records, but the fact that the coinage as stated was made is shown on the books of the coiner at that time, and in order to make up the true amount of the actual coinage of the New Orleans Mint this sum must be taken into account. There was no regular coinage of the precious metals into Confederate specie under Confederate auspices, although the New Orleans Mint remained in their control to April 26, 1862, when the city was taken by the Federal forces.

SAN ANTONIO, Texas, is entitled to the honor of having probably the youngest president of a National bank in the United States. Mr. J. S. Thornton, President of the Traders' National Bank, of that city is only twenty-three years of age, yet possesses all the qualifications that go to make up a successful bank officer.

DAKOTA.—Not long ago the Bank of Mitchell, in Dakota, closed its doors, but when Cashier Huyssen, of the White Lake Branch, was ordered to close his bank, he refused, and said he had no funds belonging to the Mitchell Bank, but, on the contrary, the Mitchell Bank owed the White Lake branch \$11,609. He further said that the money belonging to his White Lake depositors would not and should not be swallowed up in the Mitchell bank failure. On Saturday, Judge Wulfling, Attorney for the Assignee, went to White Lake to take possession, and was informed that he could not enter the bank. He posted a notice that the bank was closed, but Cashier Huyssen and Assistant Cashier Joe Ryan were on deck with their depositors. They tore off the notice and opened the bank. They posted guards at the entrance, and began paying off their depositors, when Judge Wulfling leaped over the counter and ordered a halt. Ryan then informed the crowd that a trespasser was inside the gate. No sooner were the words uttered than the attorney was pitched over the counter and out into the street. Mr. Huyssen continued to settle with the depositors until the last one was paid in full. He then locked the bank and put the key in his pocket.

BUFFALO.—At a meeting of the Board of Directors of the Manufacturers & Traders' Bank held June 30th, Mr. Henry Martin, President, tendered his resignation, which was accepted. Mr. Pascal P. Pratt, Vice-President, was unanimously elected president, and Mr. Francis H. Root was unanimously elected vice-president. The following minute was unanimously adopted:

The Board of Directors of this bank, with heartfelt regret, accept the resignation of Henry Martin. He was its first and has been its only president. Considerate in manner, and conservative, prudent and sagacious in judgment, he was selected 28 years ago by the founders of the institution as one eminently fitted for its chief executive. He has ever since watched over its interests, and guided its policy, and largely worked out its success. Year after year he has given it his time, his best thought, and his constant care; and having grown old in its service now surrenders a faithfully-guarded trust. This board deems it but just that formal recognition be made of his service, and accordingly directs that this minute be spread upon its records.

The Manufacturers & Traders' Bank was incorporated on the 24th of March, 1856, and is a State bank. It is now the leading financial institution of the city in point of capital, the amount being \$900,000. Pascal P. Pratt, who succeeds to the presidency of the bank, was born in Buffalo on the 15th of September, 1819, and has resided there ever since. He was the first vice-president of the Manufacturers and Traders' Bank. He is also a director in several other banks and in railway companies, and is connected with many of Buffalo's worthy charities.

**SCOTCH BANKS.**—The Edinburgh *Scotsman* says that hitherto the rate of interest allowed on money placed on deposit receipt has never fallen below two per cent., but it would seem that at times like the present, when rates for money are so low, the banks have frequently been unable to get more than a-quarter per cent on money lent in London at call, thus involving a loss of one and three-quarters per cent on such transactions. It has now been resolved that the rate of interest on money placed on deposit receipt may be reduced to one and a-half per cent., and, as a matter of fact this rate will be immediately proposed. The next change is one which affects more closely the commercial community. Up to this time, interest has been allowed by the banks on money placed on current account calculated, in the option of the lender, either on the minimum monthly balance at one or at a lower rate on the daily balances. The latter arrangement is now to be discontinued altogether, and only the monthly balances taken into account in calculating interest on current accounts.

**DUBLIN.**—After the usual closure on the 14th of July, an official notice was issued, announcing a suspension in consequence of continued heavy withdrawals of deposits since the litigation of *Jackson vs. the Munster Bank Directors*, and adding that by a careful realization, the bank's securities would be amply sufficient to discharge its liabilities. The head office of the bank is in Cork, but the central office is in Dublin. Last year the shareholders met and adopted a resolution requesting Mr. Shaw, M. P., the chairman, to retire, and Messrs. Jackson, Fitzgerald, and other shareholders instituted a suit to make the directors responsible for deficiencies caused by overdrafts to themselves. It transpired that Mr. Shaw was indebted to the bank £80,000. For several years the bank paid ten and twelve per cent. dividends, and its shares, with three-tenths paid up, were quoted as high as £10 10s. in recent years. Depression in business caused the last dividend to decline to eight per cent. Statements of recent litigation produced an uneasy feeling, and a heavy run resulted. The bank was unable to realize quickly enough to meet the demands. There is still an uncalled capital of £975,000, but it is hoped that there will be ample assets without making a further call. The bank will probably be reorganized in a new form. The liabilities of the Munster Bank of Cork and Dublin amount to \$8,750,000. The majority of its shareholders are ladies, who are solely dependent upon its dividends for their income. The directors express confidence in their ability to meet the indebtedness.

**AN INTERESTING BLACK LIST.**—The dressmakers of Paris, under the lead of the autocratic M. Worth, have undertaken a spirited and unique reform. They have recently published for mutual guidance, a list of 2,000 names of actresses, princesses, duchesses, wives of ostentatious Americans, and other gay residents of the metropolis who are considered bad customers by the trade. This list includes three classes. Class A names the insolvent one; class B comprises 1,200 names of those "who, from vanity, order dresses they cannot afford to pay for"; and class C includes those who, though rich, have to be sued before they will pay. A copy of this list having become public property, fashionable Paris is much incensed at having its failings exposed.

### OBITUARY.

**WATERLOO, N. Y.**—General Mercer, President of the First National Bank of Waterloo, who died after a few days' illness, was widely known and respected. He took an active part in politics, and was a Democratic Presidential elector in the late election, and Quartermaster-General on Governor Cleveland's staff, and held the same position under Governor Hill. He was also a man of ripe experience in financial matters, and his character was without blemish. He stood high in public estimation, and in business circles his opinion was always respected. He entered that bank at the age of seventeen, and was connected with it until his death. General Mercer was in his fifty-fifth year, and left four children, one of them, Mr. W. L. Mercer, being cashier of the bank, and will watch over the interests of this institution until his father's successor is appointed.

XENIA, OHIO.—Mr. King, a prominent bank officer, whose death is announced elsewhere, was born at Suffield, Conn., and was in his 71st year when he died. He was raised on a farm, but at an early date commenced clerking in a store. When 25 or 30 years of age he went West. For a year or two he followed merchandizing at Medina, O., and subsequently, for several years, was engaged in the same business and lived at Lima, Ohio. While living there, a friend persuaded him to remove to Xenia and engage with him in the powder business. He removed to Xenia in the year 1852 and the firm of King & Austin was formed and continued for several years, when Mr. Austin retired and the Miami Powder Company was organized. For twenty years Mr. King was the leading man and chief owner in the company, and then sold out his interest to Eastern capitalists. In the year 1878 he organized King's Great Western Powder Company. This concern is known all over the country as a very large affair—being perhaps the second largest powder mill west of the Alleghany mountains. Besides his powder mill business, Mr. King was largely interested in many other concerns and in banking. At a meeting of the Board of Directors of the Citizens' National Bank, of which he was president, the following resolutions were adopted:

*Whereas*—It has pleased Almighty God to remove from our midst, and from our Board of Directors, the President of our bank, J. W. King, and whereas Mr. King has long been known in this community as a moral, upright citizen and business man, possessing sterling integrity, therefore

*Resolved*—That in the death of Mr. King our Board of Directors feel that they have lost a genial, able, conscientious counsellor, whose place will be hard to fill.

*Resolved*—That the church has lost a noble, generous supporter; that the needy have lost a charitable friend; that his family have lost a kind and loving husband and parent, and that we deeply sympathize with them in this great affliction.

*Resolved*—That a copy of these resolutions be sent to the family of the deceased and a copy be furnished for publication in the city papers, and that they be spread upon the records of the bank.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from July No., page 71.)

3360	First National Bank.....	Wm. M. Sleeth,		
	Arkansas City, KAN.		Harry P. Farrar,	\$ 50,000
3361	Flint National Bank.....	David S. Fox,		
	Flint, MICH.		C. S. Brown,	200,000
3362	Western Reserve National Bank.	Albert Wheeler,		
	Warren, OHIO.		O. L. Wolcott,	100,000
3363	First National Bank.....	Edward M. Parlin,		
	Great Bend, KAN.		Robert C. Bailey,	50,000
3364	First National Bank.....	F. McGiverin,		
	Stanton, NEB.		Levi Miller,	50,000
3365	North Attleborough Nat'l Bank.	Henry F. Barrows,		
	North Attleborough, MASS.		Edward R. Price,	150,000
3366	Third National Bank.....	Oliver Howard,		
	Malone, N. Y.		John C. Pease,	50,000
3367	Northern National Bank.....	J. Fred'k Sener,		
	Lancaster, PA.		John C. Carter,	200,000
3368	Norfolk National Bank.....	C. G. Ramsay,		
	Norfolk, VA.		C. Hardy, <i>Act'g.</i>	400,000
3369	Lincoln National Bank.....	Stephen A. Foley,		
	Lincoln, ILL.		Geo. I. Harry,	60,000
3370	First National Bank.....	John C. Simpson,		
	West Point, NEB.		Wm. A. Black,	50,000

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from July No., page 72.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
CAL....	Los Angeles....	Sav. B'k of Southern Cal. E. F. Spence, <i>Pr.</i> Sam'l B. Hunt, <i>Sec. &amp; Tr.</i>	
DAK....	Bijou Hills....	Bank of Bijou Hills (A. L. Baker).	
"	Britton.....	B'k of Britton (Bernston & Guillaudeu).	Kountze Bros.
"	Sioux Falls....	Minnehaha Nat'l Bank. \$ 50,000 E. A. Sherman, <i>Pr.</i>	
"	Watertown....	Dakota State Bank.....	Hanover National Bank.
GA....	Fort Gaines....	Exchange Bank.....	
ILL....	Lincoln.....	Lincoln National Bank... \$ 60,000 S. A. Foley, <i>Pr.</i> Geo. I. Harry, <i>Cas.</i>	Gilman, Son & Co.
IOWA...	Creston.....	Creston Loan & Tr. Co.. J. B. Harsh, <i>Pr.</i> A. V. Scott, <i>Tr.</i>	Chase National Bank.
"	Manson.....	Bank of Manson.....	
"	"	\$ 50,000 Henry J. Griswold, <i>Pr.</i> M. W. Fitz, <i>Cas.</i>	
"	Perry.....	Exchange Bank.....	
		A. W. Otis, <i>Pr.</i> Geo. Otis, <i>Cas.</i>	
KANSAS.	Anthony.....	Anthony Nat'l Bank..... \$ 50,000 C. R. Miller, <i>Pr.</i> F. D. Denlinger, <i>Cas.</i>	Imp. & Traders' National Bank.
"	Arkansas City..	First National Bank.....	Hanover National Bank.
"	"	\$ 50,000 Wm. M. Sleeth, <i>Pr.</i> Harry P. Farrar, <i>Cas.</i>	
"	Cuba.....	T. F. Seymour & Co.....	Thos. F. Seymour, <i>Mgr.</i>
"	Great Bend....	First National Bank..... \$ 50,000 Edward M. Parlin, <i>Pr.</i> Robert C. Bailey, <i>Cas.</i>	
"	Ness City.....	B. of Ness City (Borthwick Bros.)	Gilman, Son & Co.
"	New Kiowa....	First Bank of Kiowa.....	National Park Bank.
		A. W. Rumsey, <i>Pr.</i> A. J. Bentley, <i>Cas.</i>	
MASS...	N. Attleborough	North Attleborough N. B. \$ 150,000 Henry F. Barrows, <i>Pr.</i> Edward R. Price, <i>Cas.</i>	Ninth National Bank.
MICH...	Blissfield.....	Jipson, Carter & Co.....	Continental National Bank.
"	Flint.....	Flint National Bank.....	National Park Bank.
"	"	\$ 200,000 David S. Fox, <i>Pr.</i> C. S. Brown, <i>Cas.</i>	
"	Lansing.....	People's Sav's Bank..... \$ 25,000 Wm. J. Beal, <i>Pr.</i> S. B. Carr, <i>Cas.</i>	Chase National Bank.
MINN...	Elk River.....	Bank of Elk River..... \$ 10,000 Wm. H. Houlton, <i>Pr.</i> Henry Castle, <i>Cas.</i>	National Park Bank.
"	Le Roy.....	Bank of Le Roy..... W. H. Strong, <i>Pr.</i> B. F. Farmer, <i>Cas.</i>	American Exchange Nat'l Bank.
NEB...	Clarks.....	Pacific Bank (Cowles & Stickney).	Kountze Bros.
"	De Witt.....	Saline Co. Bank..... \$ 20,000 Dan'l W. Cook, <i>Pr.</i> O. J. Collman, <i>Cas.</i>	Hanover National Bank.
"	Plum Creek....	Plum Creek B'k (Geo. B. Darr).	Kountze Bros.
"	Stanton.....	First National Bank..... \$ 50,000 F. McGiverin, <i>Pr.</i> Levi Miller, <i>Cas.</i>	Chemical National Bank.
"	West Point....	First National Bank..... \$ 50,000 John C. Simpson, <i>Pr.</i> Wm. A. Black, <i>Cas.</i>	
N. Y....	Malone.....	Third National Bank..... \$ 50,000 Oliver Howard, <i>Pr.</i> John C. Pease, <i>Cas.</i>	Central National Bank.
N. C....	Statesville....	Cooper & Brown.....	American Exch. Nat'l Bank.
OHIO...	Coshocton....	Farmers' Bank..... \$ 75,000 John P. Peck, <i>Pr.</i> Sam'l Irvine, <i>Cas.</i>	Imp. & Traders' National Bank.
"	Warren.....	Western Reserve N. B. \$ 100,000 Albert Wheeler, <i>Pr.</i> O. L. Wolcott, <i>Cas.</i>	
PENN...	Lancaster....	Northern Nat'l Bank..... \$ 200,000 J. Fred'k Sener, <i>Pr.</i> John C. Carter, <i>Cas.</i>	
"	Washington...	Nat'l B'k of Washington.	
TENN..	Columbia....	Columbia Bank'g Co..... \$ 150,000 J. M. Mayes, <i>Pr.</i> Lucius Frierson, <i>Cas.</i>	Continental Nat'l Bank.
"	Memphis.....	German Bank.....	Edward Goldsmith, <i>Cas.</i>
TEX....	Harrold.....	Exchange Bank..... \$ 25,000 J. N. Israel, <i>Pr.</i> G. A. Archibald, <i>Cas.</i>	Kountze Bros.
CANADA	Toronto.....	Traders' Bank..... Alex. Manning, <i>Pr.</i> H. S. Strathy, <i>Mgr.</i>	American Exchange Nat'l Bank.

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from July No. page 73.)

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY.	Commercial Nat'l Bank..	Francis Vouillon, <i>A. C.</i>	.....
COL....	First National Bank, Longmont. }	Chas. H. Stickney, <i>V. Pr.</i> Eben White, <i>Ass't Cas.</i>	..... .....
CONN....	Stafford N. B., Stafford Springs.	L. W. Crane, <i>Pr.</i>	R. S. Beebe.
DAK....	Merchants' N. B., Deadwood...	M. G. Lincoln, <i>Ass't Cas.</i>	.....
GA.....	B'k of the University, Athens... " .. City National Bank, }	J. A. Hunnicutt, <i>Pr.</i> ..... Henry C. Burr, <i>Pr.</i> ..... Griffin. } A. Scheuerman, <i>V. Pr.</i> ...	M. Stanley. Gilman J. Drake.* H. C. Burr.
ILLs....	First National Bank, Ottawa..	E. Y. Griggs, <i>V. Pr.</i>	W. Bushnell.
IOWA....	Creston National B'k, Creston.	R. E. Boyer, <i>Cas.</i>	R. E. Boyer, <i>Actg.</i>
KAN....	First Nat'l B'k, Arkansas City.	F. W. Farrar, <i>Ass't Cas.</i>	.....
" ..	People's Nat'l B'k, Clay Center.	John Hanna, <i>V. Pr.</i>	.....
" ..	Nat'l Bank, of Lawrence.....	M. H. Newlin, <i>Pr.</i>	S. O. Thacher.
" ..	First Nat'l B'k, Minneapolis....	Adolph Gilbert, <i>V. Pr.</i>	.....
KY.....	Kentucky N. B., Louisville....	A. M. Quarrier, <i>V. Pr.</i>	.....
LA.....	Union N. B., New Orleans....	Adolph Meyer, <i>V. Pr.</i>	W. Hartwell.
MASS....	Lincoln Nat'l B'k, Boston.....	Nathaniel J. Rust, <i>Pr.</i>	J. Davis.
" ..	Home Nat'l Bank, Brockton..	Preston B. Keith, <i>V. Pr.</i>	.....
" ..	Cape Ann N. B., Gloucester....	John E. Somes, <i>Pr.</i>	J. E. Dennis.*
" ..	Hingham Nat'l B'k, Hingham.	C. N. M. Lincoln, <i>A. C.</i>	F. R. Hilliard.
MICH. .	American Exch. Nat'l B'k, { Detroit. }	Chas. Root, <i>V. Pr.</i> ..... Hamilton Dey, <i>Ass't. C.</i>	..... .....
" ..	First Nat'l Bank, Detroit.....	R. T. Gibbons, <i>Ass't C.</i>	.....
" ..	Flint National Bank, Flint.....	R. W. Dullam, <i>V. Pr.</i>	.....
" ..	First Nat'l Bank, Marshall.. }	Selden H. Gorham, <i>V. P.</i> Norris J. Frink, <i>Cas.</i> ..... C. E. Gorham, <i>Ass't C.</i>	G. S. Wright. N. J. Frink.
MINN. .	First Nat'l Bank, Austin.....	N. F. Banfield, <i>Cas.</i>	H. W. Page.
NEB ...	National Bank of Ashland.....	G. V. Argabright, <i>A. C.</i>	.....
" ..	First National Bank, Central City. }	N. R. Persinger, <i>Pr.</i> ..... F. M. Persinger, <i>Cas.</i> .....	J. R. Ratcliff. J. B. Lazear.
N. Y....	National Bank of Genesee, Batavia. }	A. N. Cowdin, <i>Pr.</i> ..... Trumbull Cary, <i>Cas.</i> .....	H. U. Howard. A. N. Cowdin.
" ..	Mfrs. & Traders' Bank, Buffalo. }	Pascal P. Pratt, <i>Pr.</i> ..... Francis H. Root, <i>V. Pr.</i>	Henry Martin. Pascal P. Pratt.
" ..	Farmers' N. B., Franklinville..	Abner P. Adams, <i>Cas.</i>	W. J. Weed.
" ..	Fulton Co. N. B., Gloversville.	D. B. Judson, <i>V. Pr.</i>	.....
" ..	First National Bank, Jamestown. }	E. Morgan, <i>Cas.</i> ..... J. W. King, <i>Ass't Cas.</i> .....	E. Morgan, <i>Actg.</i> E. Morgan.
" ..	Nat'l Bank, of Kinderhook....	Calvin Ackley, <i>Cas.</i>	A. Wynkoop.
" ..	National Bank of Rondout, }	Geo. H. Sharpe, <i>Pr.</i> ..... A. Hasbrouck, <i>V. Pr.</i>	J. Hasbrouck. Geo. H. Sharpe.
" ..	Third National Bank, Malone.	L. Whitney, <i>V. Pr.</i>	.....
OHIO...	Merchants' Nat'l B'k, Dayton..	John F. Beaver, <i>Ass't C.</i>	.....
" ..	First Nat'l Bank, Marietta.....	E. M. Booth, <i>Cas.</i>	E. R. Dale.
PA.....	Perkiomen N. B., E. Greenville.	David G. Clemmer, <i>Pr.</i>	M. Alderfer.*
" ..	Keystone N. B'k, Philadelphia.	Granville B. Haines <i>V. P.</i>	.....
" ..	Nat'l Bank of Germantown, }	C. W. Otto, <i>V. Pr.</i> ..... C. S. Tyson, <i>Cas.</i> .....	C. W. Otto.
R. I....	Ashaway Nat'l B'k, Ashaway..	F. Hill, <i>Cas.</i>	O. Longworth
S. C....	Nat'l Bank of Spartanburg....	E. C. McLaughlin, <i>A. C.</i>	W. E. Burnett.
TEX....	First Nat'l Bank, El Paso.....	H. D. Meyers, <i>Ass't Cas.</i>	.....
WAS. T.	First Nat'l B'k, North Yakima.	Edward Whitson, <i>V. Pr.</i>	.....

\* Deceased

## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from July No., page 74.)*

N. Y. CITY.....	Union National Bank; liquidating.
GA.....	Cartersville.... Exch. & Deposit B'k (J. J. Howard & Son); suspended.
" ..	Fort Gaines.... Wilson & Butler; succeeded by Exchange Bank.
IND.....	South Whitley. John Arnold & Co.; succeeded by James Arnold & Co.
ILLS.....	Lincoln..... Lincoln Sav., Loan & Tr. Co.; succeeded by Lincoln N. B.
IOWA.....	Ogden..... John D. Gillett; suspended.
" ..	Shelby..... B'k of Shelby (J. D. Caughran); now L. F. Smith, prop.
KAN.....	Arkansas City.. Crowley County Bank; now First National Bank.
" ..	Anthony..... Kansas State Bank; now Anthony National Bank.
" ..	Delphos..... B'k of Delphos (Frank M. Sexton); now Sexton & Billings, proprietors.
KY.....	Louisville..... A. D. Hunt & Co.; closing up business.
MASS.....	N. Attleborough Attleborough N. B.; succeeded by North Attleborough N. B.
MICH.....	Blissfield ..... Gilmore & Co.; sold out to Jipson, Carter & Co.
" ..	Detroit ..... American Nat'l Bank; now American Exchange Nat'l B'k.
" ..	Flint ..... First National Bank; now Flint National Bank.
" ..	North Lansing. Exchange Bank; succeeded by People's Sav'gs Bank.
NEB.....	Harvard..... L. A. Payne & Co.; now Payne, Penfield & Co.
" ..	Madison..... Madison Co. Sav'gs B'k; sold out to Wohlford Bros. & Co.
" ..	Neligh ..... Bank of Neligh (Roche, Anderson & Ray); now Roche & Anderson, proprietors.
N. Y.....	Brooklyn..... Mfrs. Nat'l B'k of N. Y.; now Mfrs. Nat'l B'k of Brooklyn.
N. C.....	Statesville..... W. J. Coite; gone out of banking business.
OHIO.....	Ada..... Bauman's Bank (E. E. Bauman); going out of business.
" ..	Coshocton..... John G. Stewart; succeeded by Farmers' Bank.
" ..	Warren..... Trumbull Nat'l B'k; succeeded by Western Reserve N. B.
" ..	Minerva..... Peet & Hoiles; now Peet Bros.
TENN.....	Columbia..... First National Bank; succeeded by the Columbia Bkg. Co.
" ..	Memphis ..... Manhattan Bank; succeeded by the German Bank.
WIS.....	Merrill ..... Ross & Scott; now Ross & McCord.
" ..	Milwaukee..... Tweedy, Imbrie & Co.; now Tweedy Bros. & Co.

JAPAN.—A despatch announces that Japan will resume specie payments on the 1st of January, 1886. It is stated that the amount of paper money outstanding is now about 120,500,000 yen, the yen being equivalent at the latest official valuation to 85.8 cents of United States money. Consular reports, dated a little more than a year ago, showed that the amount of paper then outstanding was, of Government issue, 98,000,000 yen, and of bank notes 31,357,563 yen, so that, if the despatches now received are correct, there has been a reduction of more than 9,000,000 yen during the past year. A year ago the amount of gold in the Treasury was about 8,000,000 yen, and in circulation about 84,000,000 yen; the amount of silver in the Treasury was 16,834,498 yen, and in circulation over 28,000,000 yen.

LONDON BANK OF MEXICO has made a flank movement against the National Bank of Mexico. The Government some months ago granted the National Bank the exclusive right to issue circulating notes. In consideration of this privilege the bank has from time to time loaned the Diaz Government large sums. It is currently stated in banking circles that these loans aggregate over \$3,000,000. The other banks have steadily fought the legality of this concession to the National Bank, but they are making no headway. It is stated that the Government has about milked the National Bank dry, and considerable surprise was manifested when it leaked out that the London Bank of Mexico had made a proposition to loan the Government \$8,000,000 in order to be allowed to retain its large circulation issued prior to the issue of the exclusive privilege to the National Bank. It is said the Government wants to accept the proposition if it can see its way clear to do so. This offer has precipitated a great fight between the foreign banks for the control of Mexico's finances.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JULY, 1885.

[illegible]



## NOTES ON THE MONEY MARKET.

## A FINANCIAL AND COMMERCIAL REVIEW.

The month just ended has been one of more than midsummer dullness, in most lines of legitimate trade, as it has been one of more than midsummer heat. Yet it has, at the same time, been one of more than the usual activity and strength, at this season of the year, in some of the speculative markets, notably those for stocks, petroleum and cotton. This movement, however, has been due to special and separate causes, in each of the markets named, and not to a general improvement in actual business, though there have been more indications of coming improvement than during the month of June. Indeed there has been an increased volume of trade in some legitimate branches, either in consequence of increasing consumption or of an anticipation thereof, early in the fall. The fact that anybody has had the courage to anticipate anything, is an encouraging sign of returning confidence in better business after this summer. As speculation occupies the first place and is the form in which the confidence that anticipates and helps to hasten the return of activity, is seen, the large advance in stocks, and their old-time activity has been significant of more than the special cause that started it. The improving demand for iron and wool at this season has the same significance.

The stock market is widening by the gradual return of investors, who have advanced bonds heavily by their free purchases in competition with the enormous speculative demand for some issues, such as the West Shore firsts and Erie seconds, for the purpose of securing control of rival properties. Simultaneously, professional speculators, who had been operating on the bear side of the market for two years, turned bulls, either upon their "inner consciousness," that there was to be a change in the speculative situation, or upon information by the parties to the Trunk Line settlement, which was pending, of what was going on. Hence, the combined forces of investors and speculators and railroad managers were operating for the advance, led by the Vanderbilt stocks, under his purchases and those of his followers, in anticipation of the transfer of the West Shore bone of contention in this State to the New York Central road, and of the South Pennsylvania *causus belli* in that State to the road of that name.

There was, however, one exception, in the case of the largest operator in stocks and some of his followers, who had been the recognized heads of the bull party on the Stock Exchange for two years past. He seems to have been carefully and purposely kept in ignorance of what was going on between the two great factors in the Trunk line settlement. Hence, when the advance began, he is supposed to have been heavily short of the Vanderbilt stocks, as is his custom, for a hedge against stocks of which he was known to be heavily long. This operator is said to have improved this first strength in the Vanderbilts, to sell his long stocks, and before he became aware of what was up, there was a heavy loss against him, on the Vanderbilt's, while he had secured but little advance on his own stocks. Seeing

that the proposed Trunk Line settlement, which he had supposed impossible without consulting him, was certain to be effected, and that with it, the Vanderbilt stocks would recover a large part of their late heavy break, and hold the advance, he is said to have covered at near the top, and to have gone heavily short of his own favorites at the same time. That these rumors were correct seems reasonably true, from the fact that the Gould stocks, which he chiefly dealt in, advanced the least of anything on the list, although they had been the most persistently bulled of the whole list for months before. This, of course, must have been due to free selling, or to indisposition of large holders to bull them, in either of which cases, those who controlled them, must have been bears, and on the wrong side of the market, on the up, as they had been on the down, of the past two years. Equally does the heavy break in the Gould stocks, since the culmination of the advance in the Vanderbilts and their comparative steadiness, corroborate these rumors, and this theory of the position of the great operators and of the market.

This change of condition of things, and these altered positions of men on Wall Street are thus carefully detailed, because upon these changes depends the future of the market. That this badly worsted bear, on the rise is a genuine bear, is not possible, as his vested interests are all on the bull side and are large. But he lost his usual line of stocks on the advance without getting it and he is now supposed to be breaking his own stocks to get them back as cheaply as possible. At the same time, the steadiness of the Vanderbilts on the reaction indicates that they have been bought to hold, and not for a "turn on the market." Hence, nobody dare sell them short. This is significant, for they advanced the most rapidly and sharply of any stocks, and their going back the least of any, has created the impression that they have gone back into Mr. Vanderbilt's strong box to stay till better times and for higher prices, based upon what he knows of the business of his own lines and of what he has done to prevent dangerous competition in the future, such as has nearly brought his roads to bankruptcy, the past year.

These are developments of which there was not the slightest prospect, apparently, at the writing of our last review; and which have so completely changed the situation of the stock market from what it was when we last wrote. These two most powerful railroad systems in the country, with the most powerful men in the country back of them, have turned the tide in the stock market at last, and have placed their enormous influence upon the bull side of stocks for the first time in one, if not two years, apparently to stay, by giving a basis of higher values for their own stocks, and hence for those of the other trunk lines and all their dependencies.

As this must affect the whole railway system of the country, and end the ruinous war of rates from the Atlantic to the Pacific oceans, this settlement is of the utmost importance upon prospective railroad earnings, and therefore upon the financial affairs of the whole country and of the individuals who own their securities. It will do more to restore confidence than anything that has occurred in the railroad world in the past three years. Railroads will now dare to anticipate their near future wants, while they can avail themselves of the present lowest prices in years, of materials and supplies, used in their repairs, replenishment, construction and operation. All

whose finances, present, or even prospective, will permit them to take advantage of these prices, will now begin to anticipate their wants, as well as provide for those which are already imperative and required attention long ago. This can but exert an immediate influence on the iron interests, and set those connected with railroads in operation at an early day. Indeed, the slight improvement noted during the month is no doubt traceable to growing demands from railroads, which would soon reduce the larger stocks now on hand than a year ago, both of iron and steel, and restore consumption to last year's level before the close of this year. Such a revival of iron interests would give the coal interest the help it so much needs, and with it help, in turn, the transportation interests materially, especially of the coal roads.

As to the earnings of the trunk lines, after their peace preliminaries are settled, it is to be said that increased freight rates will no doubt reduce tonnage until the water routes are closed, as they did the last week of the month, about one-half. Yet, as the rates obtained were more than double, there will be no loss on the through business, while the local will pay double the old earnings. As the local is greater than the through from Chicago during the opening of navigation, the roads should make a considerable gain in earnings, even before the lakes are closed. The crop prospects for wheat, however, are poorer than a month ago, by reason of some damage throughout the North-west to the spring wheat, which is likely to prove below an average crop, while the winter crop of the West and South-west will be more than one hundred million bushels short of last year. Against this, however, the West is estimated to hold as much of the old crop, which will give the roads an average wheat crop to move, provided Europe wants it. At present, exporters are more than indifferent, as they have been since the Russian war scare was ended. The wet weather of late June and early July in Europe has been succeeded, as here, by fine harvest weather, and England and France have better prospects than a month ago. Indeed, they are now regarded as so good, as to exert a bearish influence on our markets, as they have done both here and in Europe for the latter half of the month, and reduced our exports of wheat and flour materially. As to the prospects of the corn crop, nothing has been left to be desired since this essentially corn weather of July. The acreage and condition are above an average, and, as we predicted before the planting season, we will have such productions of corn, as well as of oats and live stock, as this country has never seen, and possibly an over production. There are indications of this already in the cattle market, which has declined since our last, in the face even of moderate or light supplies, except for heavy shipping stock, because of the enormous supply back, which leads buyers to hold off, except for heavy shipping. In fact, the apprehensions expressed in our last, that the summer supply of hogs would not hold up to expectations, have been removed by larger receipts and heavier weights than usual at this season, during all but the first week of the month.

The cotton crop has done as finely as corn, under equally favorable weather for its rapid growth. Indeed, so fine have the prospects been regarded, that the speculators anticipated an enormous crop, by selling the market down heavily, during the middle of the month. Near the close, however,

they were caught on the August option, which had been oversold, because of the premium at which that month was held by a clique of bulls, who finally squeezed the shorts pretty sharply. On the other hand, the cotton-goods market is still overstocked, the mills are on short time in some places and stopped in others, as in England, during the month, on account of a strike.

The petroleum market has contested the palm for activity with the stock market, with which it now sympathizes quite closely since the dealings have been transferred from the oil regions to New York and concentrated at one exchange, whose members are largely identified with the stock exchange, and who now control prices of oil more than the Standard Company. From above 90c. for crude, at the beginning of the month, it was run up to 103 before the middle, from which it suddenly broke back to about the starting point, and was then "jerked up" to 101, from which it fell back to 95, and was then lifted to 99 again before the close. The big bull party was thought to embrace the Standard and large Wall Street operators, who "milked" the "shorts" and "longs" until the market appears about dry.

The grain markets have been nearly featureless, all the month, with a dragging trade and a weakening tendency, with few brief exceptions, while fluctuations have rarely been more than fractional during the time. There has been a little "posting" of "hot" grain here, but still very little, for the heated term we have experienced. There has been little or no manipulation, for those who were "long," have thrown over their load, tired of trying to bull a market that could not be moved up a full point, except on the temporary Russia-English war flurry.

The minor markets have dragged along in much the same rut as bread-stuffs and provisions, although the latter have been firmer than grain, because of the expected falling off in receipts of hogs and fair Southern demand for meats, neither of which elements strengthens prices at the close.

The money and foreign exchange markets have exerted no influence on business during the month, although the accumulation of the bank reserve has been checked for the time. The only feature of the money market is the trouble caused the United States Treasury by the continued accumulation of silver and loss of gold. But the banks advanced the Government six millions of gold at the last of the month, and have pledged four millions more, which is expected to keep the Treasury gold balance all right till Congress meets, and stops the coinage of silver.

General trade has been unusually light, except for hot weather goods, for which there has been a good demand, as well as for summer hotel supplies, which have been in active request. The same cause should make the earnings of passenger transportation companies show well for July, which will doubtless have the honor of witnessing the bottom of this last great depression and the turn for better times. Indeed, while doing little now, there is a perceptible change in the tone of business-men's talk of the autumn, to which everyone seems to be looking forward with confidence, or a sigh of relief.

Since the above was written, generally accredited rumors make it more than possible that the combination between the New York Central and the Pennsylvania roads for an offensive alliance against the other trunk lines, especially the Baltimore and Ohio, and probably the Erie, has already resulted

in an equally aggressive and powerful counter-combination between the latter road, the Reading, and Mr. Gould and his roads, by which he will let this road into New York over the Jersey Central, in exchange for the virtual control of the Baltimore and Ohio Telegraph lines by the Western Union. It is asserted that Mr. Gould has bought a controlling interest in Jersey Central since Vanderbilt's scheme leaked out, in order to checkmate him, and also to revenge for not being let into it, and for being caught by it on the stock market. This accounts for the advance in Jersey Central and Erie, after the boom had spent itself in the Vanderbilts, and gives color to the above rumors. If these prove true, the "trunk line settlement" is not yet settled, and war to the knife between Pennsylvania and Central on one side, and Baltimore & Ohio, Reading, and Erie on the other, with the Lackawanna and Grand Trunk as side partners, is more than likely, and may upset the well-laid plans of Vanderbilt.

The carpet weavers' troubles have broken out afresh again, and another strike in Philadelphia and Yonkers has begun. The latest reports from the North-west estimate much greater damage to spring wheat, and the market advanced over one cent on the news. Petroleum passed above the dollar line again, and cotton was pushed up by the clique still further.

The reports of the New York Clearing-house returns compare as follows:

1885.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surpluses.
July 3.	\$ 307,206,400	\$ 114,119,600	\$ 42,688,000	\$ 380,798,800	\$ 9,839,300	\$ 61,607,900
" 11...	306,591,800	116,215,100	43,625,300	383,758,700	9,709,800	63,900,725
" 18...	307,627,700	116,346,200	45,198,100	387,883,300	9,737,900	64,573,475
" 25 ..	308,113,200	115,733,400	44,876,200	385,065,700	9,701,200	64,343,175
Aug. 1...	306,309,900	115,493,900	44,980,600	383,001,600	9,675,200	64,724,100

The Boston bank statement is as follows:

1885.	Loans.	Specie.	Legal Tenders	Deposits.	Circulation.
June 27.....	\$ 149,703,700	\$ 8,777,400	\$ 5,433,300	\$ 109,454,000	\$ 21,905,000
July 3.....	150,211,300	8,782,500	5,372,300	109,492,100	22,005,800
" 11 .....	150,342,200	8,789,900	4,864,100	111,624,600	21,861,100
" 18.....	150,470,700	9,365,900	5,051,300	112,422,900	21,792,100
" 25.....	150,925,500	8,837,000	5,101,700	112,361,500	21,683,900

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1885.	Loans	Reserves	Deposits.	Circulation.
July 3.....	\$ 75,541,900	\$ 27,150,700	\$ 78,704,300	\$ 7,375,500
" 11.....	76,086,800	27,428,600	78,961,700	7,366,500
" 18.....	76,373,000	27,398,300	79,538,600	7,361,500
" 25.....	76,050,000	27,619,900	79,044,700	7,303,500

## DEATHS.

BLACKINTON.—On July 24, aged fifty-five years, SANFORD BLACKINTON, President of the Adams National Bank, North Adams, Mass.

DENNIS.—On June 29, aged forty-eight years, J. G. DENNIS, President of the Cape Ann National Bank, Gloucester, Mass.

LOWREY.—On July 27, aged sixty-four years, JOSEPH S. LOWREY, President of the Fifth Avenue Bank, New York City.

MCGIE.—On July 18, aged seventy-seven years, DANIEL MCGIE, of the firm of Daniel McGie & Son, Quebec, Canada.

MERCER.—On July 13, aged fifty-five years, MYNDERT D. MERCER, President of the First National Bank, Waterloo, N. Y.

THE  
BANKER'S MAGAZINE  
AND  
Statistical Register.

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VOLUME XL.

SEPTEMBER, 1885.

No. 3.

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RECENT RAILROAD MOVEMENTS.

The recent movements in the railroad world are of great significance. The West Shore road has finally passed under the control of the New York Central. In leasing the West Shore road and guaranteeing its securities, the New York Central assumes a debt the amount of which, above the \$25,000,000 of new four-per-cent. debentures offered to the holders of the present first mortgage bonds, will depend upon the terms the lessee may have made, or may be able to make, with the holders of the terminal bonds, the stockholders of the North River Construction Company, and the general creditors. The settlement of the various claims, with the exception of the first mortgage bonds, is left to the discretion or negotiation of the lessee. Assuming that the terminal bonds are taken at 60, the general creditors settled with at 50, and the construction company at 30, the issue of the new four-per-cent. mortgage required will be less than \$40,000,000, adding to the fixed charges of the New York Central, not including taxes not to exceed \$1,600,000 annually. These roads cover a section affording a larger and more profitable local traffic than any other of equal extent in the United States. The local freight tonnage of the New York Central alone for some years past has averaged about 9,000,000 tons annually, or over eighty per cent. of the total tonnage moved, and its local passengers are over ninety-five per cent. of its total passenger traffic. By putting both roads under one control, the full legal rate for passengers and fair rates for local freights can be maintained. For four years previous to the opening of the West

Shore road the passenger mileage and tons of freight one mile were as follows :

	<i>Tons, One Mile.</i>	<i>Passengers, One Mile.</i>
1880.....	2,525,139,000	330,802,223
1881.....	2,646,814,000	373,766,980
1882.....	2,394,799,000	432,243,282
1883.....	2,200,896,000	429,385,561

The gross earnings from these two sources, and rates per passenger and of freight per mile, were:

<i>Year.</i>	<i>Passengers</i>		<i>Freight</i>	
	<i>Earnings.</i>	<i>Rate, cts.</i>	<i>Earnings.</i>	<i>Rate, cts.</i>
1880.....	\$6,611,159 ..	1.99 ....	\$22,199,966 ..	0.87
1881.....	6,958,038 ..	1.86 ....	20,136,750 ..	0.78
1882.....	7,816,519 ..	1.80 ....	17,672,252 ..	0.73
1883.....	8,526,843 ..	1.98 ....	20,142,430 ..	0.91

It is probable, therefore, that the New York Central will soon have a parallel line its whole length at the expense of an annual rental of something between \$1,000,000 and \$2,000,000 a year, or \$2,127 to \$4,254 per mile. This is not an insignificant sum; it is more than the net earnings of many railroads which are counted prosperous (the Milwaukee and St. Paul earned \$2,001 net per mile last year, the Northwestern, \$2,542), but it is insignificant compared with the earnings of the eastern trunk lines, the New York Central, only half of which is main line, earning last year even \$10,300 net per mile, and the year before \$13,020, and having \$5,630 of fixed charges per mile, while the Erie last year earned net \$5,162 per mile. The principal of the West Shore funded debt, however, if the whole \$50,000,000 authorized is issued, will be but little less than the present funded debt of the New York Central (\$56,497,333) on sixty per cent. more road.

It was doubtless expected in the beginning, that such would be its ultimate destiny, and those who thought so then, will, in a quiet way, remind each other of their prophecy, but without the pleasure which accompanies a successful venture. When the Nickel Plate was built and sold to the Lake Shore to prevent the existence of a rival line, the projectors of the West Shore enterprise concluded, and not without reason, that if they went into the same business of building a rival line, Mr. Vanderbilt would also buy them out in order to prevent competition, and at a profit amply rewarding them for the time and money and sagacity lavished on the undertaking. It turns out that Mr. Vanderbilt was no more in favor of the continued existence of the West Shore as a separate enterprise than he was of the Nickel Plate, but unfortunately for the West Shore folks he did not give them the price which they had expected to receive. Here is where they slipped and fell. Their undertaking has been bought up, but the price, instead of putting millions into their pockets has taken a good deal out. In short, the enterprise from the start to the end

was an enormous gambling operation, in which the players played their heaviest stakes and lost. Had they won, they would have been regarded as men of sagacity and smart fellows. Having lost, the world's judgment is of a very different kind.

Concerning the wisdom of this purchase, from a New York Central point of view, there can be no question. The existence of this road imperiled the prosperity of the Central. The months in which the two have been running as competitors have clearly demonstrated the dangerous character of such competition. The public looks at the matter with a divided opinion. A certain class who believe in railroad competition to the utmost regard the consolidation as a misfortune. Admitting that the road ought not to have been built, nevertheless it ought to have been maintained as a separate enterprise. Many of these persons, who are thus complaining, only a few months ago were equally loud in their condemnation of cut rates and low prices. They belong to that pretty large class who are determined to be unhappy, and oppose any policy, whatever it may be. It seems to us that the Central could not do otherwise than purchase this road, to maintain the worth and security of its own property. Having once more obtained control of its splendid local business, should it attempt too high rates, the Legislature ought promptly to interfere and prevent the company from taking any undue advantage of its situation to charge unreasonable prices. It is to be hoped, in the interest of the public, and in view of its own long and bitter experience, it will not attempt to charge, in the future, any more than is justified by the welfare and good of all parties.

Other changes of great moment have occurred in the fortunes of the Pennsylvania system. The transfer of the Beach Creek to the Pennsylvania enables the latter company more completely to control its coal tonnage, and thus render its position in that direction more secure. The purchase of the South Pennsylvania also prevents a dangerous and unwise competition in another quarter. So much money has been expended on the South Pennsylvania that doubtless it will be completed, but not as an opposing line. It may be properly noted, however, that there was a justification for building the South Pennsylvania which did not exist in the building of the West Shore, for the former was constructed not primarily to constitute a parallel line, but to complete a link between the Reading system on the east and a road extending from Pittsburgh, on the west. It is true that one object of Mr. Vanderbilt's interest and solicitude in investing so much money in the Reading and South Pennsylvania was to build up a formidable competitor to the Pennsylvania, and his recent action is a plain indication on his part of withdrawing his opposition and hostility to that great system.

These changes are for the better. They clearly mark the return of a stronger confidence in many quarters. They equally indicate that



the day of ruinously low railroad tariffs is speedily to terminate. It is no good to anybody to lose money. Indeed, if the hundreds of millions invested in these great enterprises do not pay dividends, it means incalculable suffering. It means curtailed demands, thereby lessening the production of the world, and causing suffering all around. These changes betoken better dividends, more security in values, and a happier and more prosperous day for all concerned.

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### THE EFFECT OF THE DECLINE IN GOLD PRODUCTION ON PRICES.

A class of political economists, among whom may be particularly mentioned, Mr. Goschen and Mr. Giffen, who strenuously maintain that the low prices at present prevailing are caused, to a considerable extent, by the decline in the annual production of and increased demand for gold. This opinion is shared by a considerable number of persons, but Messrs. Goschen and Giffen are, perhaps, more closely identified with it than others, because they have given it so much prominence on several occasions in discussing the subject of the rise and fall of prices. In an address before the Manchester Chamber of Commerce, Mr. Goschen remarked :

There is an immense diminution in the production of gold. There is a greater strain upon gold through the discarding of silver in very important countries, and therefore, if prices are at all determined by the production of gold on one side and of commodities on the other, the disturbance between the proportion must have had its effect upon prices. You have the decreased production in gold, you have the increased production of commodities, and you have the fall in prices which those two factors ought to produce. It ought to have produced it, and the fall is there; but somehow or other there are many persons who are furiously angry if people contend that there is any relation between the cause and the effect. What those who do not believe in any appreciation of gold always point to is this, that the diminished production of gold is small in relation to the aggregate stock of gold. But, on the other hand, let me point to this; let me point to the enormous increase of the commodities which have to be exchanged for that gold. The gold is diminished, but not in proportion to the same volume of commodities, but almost to a double or treble volume of commodities. Of course, the effect has been immensely reduced by the fact of the development of the credit system, which has been refined to the very utmost, and I do not contend for one moment that the fall in prices is exclusively due to the increased appreciation of gold; but I do maintain that it is a factor in the case, and it is above all important from this point of view, that if there is anything in it, it points to this—that the standard of prices generally is likely to be lower in the future, and that it would be wise to discard the idea of the return to the old prices.

And likewise Mr. Giffen, in the London *Contemporary Review*, has thus expressed himself :

It appears impossible to avoid the conclusion that the recent course of prices, so different from what it was just after the Australian and Californian discoveries, is the result in part of the diminished production and the increased extraordinary demands upon the supply of gold. It is suggested, indeed, that the increase of banking facilities and other economies in the use of gold may have compensated the scarcity. But the answer clearly is that in the period between 1850 and 1865, and down to 1873, the increase of banking facilities and similar economies was as great relatively to the arrangements existing just before as anything that has taken place since. The same reply may also be made to the suggestion that the multiplication of commodities accounts for the entire change that has occurred. There is no reason to suppose that the multiplication of commodities relatively to the previous production has proceeded at a greater rate since 1873 than in the twenty years before that, yet before 1873 prices were rising, notwithstanding the multiplication of commodities; and since that date the tendency has been to decline. The one thing which has changed, therefore, appears to be the supply of gold and the demands upon it, and to that cause largely we must accordingly ascribe the change in the course of prices which has occurred.

It seems to us that the opinion rests on too narrow a basis of fact. It is generally admitted that prices are determined to a very large extent, though not wholly, by the quantity of money in the world. The quantity of metallic money, however, is so large that no slight addition or diminution has any appreciable effect on prices. It is like a great river which, having become large, is not seriously affected by the action of a tributary stream. This has been the case with our metallic money for nearly fifty years. The quantity has become so great that neither a slight, nor even a considerable, addition will affect its value. It may, then, be asked, why should the coinage of silver under the present law be stopped? Are values becoming impaired by the addition? If the amount of silver thus far coined had a market value corresponding with its legal value, it would have no appreciable effect on prices. And it may be added that, notwithstanding its questionable or debased character, perhaps prices have not been influenced by the quantity put into circulation.

Another fact must be noted, which it seems to us Messrs. Goshen and Giffen have kept too much out of sight, which is, that the paper notes issued as representatives or substitutes for specie, and made payable therein so long as they remain at par, have precisely the same effect on prices as the addition of an equal amount of gold or silver. If this statement be true, and we think its truth has been shown over and over again, prices are not only measured by the quantity of specie in circulation, so far as this is a determining cause, but by this larger volume of representatives or substitutes for specie. In other words, when we speak of the volume of money influencing prices, we must keep in mind not simply specie, but also its representatives or substitutes. Looking thus

at the subject, we perceive that the volume of money influencing prices in the world is something enormous, and like the Mississippi and the Amazon is not affected by any slight annual addition or diminution. We cannot, therefore, for a moment believe that the decrease in the production of gold has had any appreciable effect in the shrinkage of the prices of commodities. That shrinkage must be ascribed to other causes apart from the money given in exchange for them.

It seems to us that another side of the matter has been wholly omitted. It is said that the appreciation in the value of gold is due to the larger demand for it of late, especially by Italy, for the resumption of specie payments, and by Germany for a gold coinage. A steady, though varying, demand is also made for the metal for use in the arts, but this feature for the present we will wholly omit. Returning to the transfer of gold from one country to another, what reason have we to suppose that prices have been seriously influenced thereby? We can readily imagine a state of facts in which such a demand would influence prices. Suppose, for example, Italy in acquiring gold to resume specie payments had been obliged to part with her products to obtain it. In that case, the sellers of gold might have demanded higher prices, or, in other words, have taken such products at a lower figure. In such a case, manifestly, prices would have been depreciated in consequence of the demand for gold. If Italy had acquired her gold in that way, it could doubtless have been shown that her action had appreciated the value of the yellow metal. But Italy bought her gold without paying a single commodity therefor. She simply borrowed it, and issued bonds or notes to the lenders. No commodities were given, and the transaction simply consisted in the transfer of gold from Great Britain to Italy without the passing of commodities of any kind. As, therefore, no commodities passed, how is it possible to affirm that gold was appreciated or depreciated by the transaction, from one holder to another?

In continuing the argument, it is admitted and maintained by those who insist that prices are so largely determined by the quantity of money in existence, that prices are world-things. In other words, prices are determined, not by the action of buyers and sellers in any one locality or country, but by the action of persons in all countries trading with each other. What follows? Italy makes a new demand for gold; it is transferred from Great Britain to that country; but the quantity is not lessened; it remains precisely the same as before. Therefore, if prices are world-things, is not the conclusion correct, that as the quantity of gold is precisely the same, and is merely changed from one locality to another, its influence on prices is just as operative as before. It may be admitted that during the transfer gold is temporarily out of circulation, and the vacuum so produced may lead to some disturbance in

prices. The fact is, prices were not changed by the transfer in the least, and when it reached Italy it was used as a basis or security for paper notes that were in circulation or subsequently issued, in short, was immediately put to the same use as before. Probably its influence is greater in one country than in another; this, however, is far too subtle to be determined by any economist however acute or patient he may be in his investigations.

The prime cause affecting prices, it seems to us, is plain enough, namely, the excessive production in all things, the use of machinery, the fruitfulness of the earth, far outstripping the wants of man combined with his power to purchase, and, consequently, we have falling prices. We admit, of course, that if there was more gold in the world, and more silver, or more substitutes for these metals in short, more wealth, many a man having ungratified wants would seek to gratify them. Prices would rise, and the cloud of depression would roll away. But to ascribe this depression to an appreciable extent, to the diminution in the volume of gold is to close the eye to the great effects and open them to an insignificant one. We cannot help thinking that this accounting for lower prices is slightly tinged with sensationalism, an effort to present the subject in a new and striking light. These gold movements are very subtle in their effects, but a much clearer presentation of facts must be made before any considerable number of persons are likely to adopt the opinion so boldly expressed by a few.

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### THE LATIN UNION CONFERENCE.

The Paris *Debats* of July 16, four days before the meeting of the Latin Union Monetary Conference, had an article correctly foreshadowing what the diversities of opinion in the Conference would be. The chief proprietor of the *Debats*, Ex-Finance Minister Leon Say, has intimate relations with the present French Government, as well as with the managers of the Bank of France.

The article announced in the first place that France and Italy, having rather more than seven-eighths of the population of the four States constituting the Union, had decided to extend the treaty as between themselves for (say) three, or five years, and to invite Switzerland and Belgium to remain in the extended Union, if they would agree to the condition, not in the old treaties, that when, if ever, the Union should come to a final end, each party should redeem from the others, in gold, its own silver coins at their nominal value. The article anticipated that Switzerland would agree to the new condition, but that Belgium would hesitate about it.

The article declared that nothing connected with the treaty touched

the question of the double standard, which it said "will remain on the order of the day for a long time hence."

This article was the first public and authentic announcement of the fact that France and Italy had come to an accord in the premises. There have certainly been indications for two or three years that some influences in the Italian Ministry were governed by a purpose to go ultimately to a gold standard, or, at any rate, to keep Italy in the best possible condition for going to such a standard if that should be determined to be the best final policy for that country. It was a decided indication of that kind, that the Italian Ministry should have positively directed the Italian banks to keep a certain specified proportion of their cash reserves in gold. There were other indications of the same complexion; and finally, in February last, it was announced from Rome, that the meeting of the Latin Union to have been held in that month, had been further adjourned, at the request of the Italian Ministry, and for the assigned reason that they wished to await the action of the United States Congress, then in session, upon the proposition pending before it to stop the further coinage of silver dollars. But whatever divisions or vacillations there may heretofore have been in the Italian Ministry, the article in the *Paris Debats* made it clear that they had finally decided in July to act with France in extending the Latin Union Treaty, and to accede to the condition, originated by France, that each contracting party should redeem its own silver in gold, if presented by the other parties at the final close, if there should ever be one, of the treaty arrangements.

The article in the *Debats* assumed a very high tone, we were almost on the point of describing it as a bullying tone, towards Belgium, in case that nation should not accede to the new condition of a final gold redemption of its silver, held by the other powers, and if it should now withdraw from the Latin Union without providing such redemption. It declared in set words that France would pursue its "claim by all the means a great power has at its command," and that "the economic, financial and political interests of Belgium would be compromised," although admitting that Belgium had so far never agreed to redeem one kind of metallic money in another kind. No Government which issues full-tender, metallic money, ever agrees to redeem it, and there is no reason why it should, such money being in itself, as Senator Edmunds once said, "an ultimate." So long as Belgium continues to its silver money, all the functions of full-tender capacity and receivability for taxes with which it was endowed when issued, we do not see upon what principle anybody, in or out of Belgium, can complain, and it is only a question of policy, whether that nation, for the sake of remaining in the Latin Union, shall superadd an agreement to redeem in gold so much of it as shall remain at last in the hands of the

other parties to the Union. The representatives of the Belgian side of the case well say, that Belgium has never made any seigniorage profit upon its full-tender silver coins, and has never minted any except at the request of individual depositors of silver bullion; that it has never guaranteed the value of either its silver or gold coins; and that it is responsible for nothing except that the coins shall be of the weight and fineness prescribed by law, and shall not be arbitrarily deprived of the functions which they possessed when issued.

What disinclines Belgium to agree to the proposed new condition of redeemability in gold, is its knowledge that there is an excessive proportion of Belgian silver now circulating inside of the Latin Union, as a consequence, not of a disproportionate minting of silver, but of the fact that the five-franc silver pieces shipped in great quantities from Mediterranean ports to India, between 1850 and 1865, were almost wholly French and Italian coins, and only in a very small part Belgian coins. The Belgian view, therefore, naturally is, that if any provision is made for the contingency of an ultimate loss upon the silver of the Latin Union, the burden should be imposed upon the several countries composing it in proportion to their population, rather than be determined by the accidental circumstance that one country may have more silver than the others now circulating within the Union.

At the assembling of the Conference on the 20th of July, the attitude of the parties was found to be as foreshadowed in the article in the *Debats*. France and Italy insisted upon the new condition of the ultimate gold redemption by each of its own silver coin, and Switzerland joined them in that. The Belgian delegates would not agree to that, and finally referred the matter back to their own Government. Pending the receipt of the final decision of the Belgian Government, the delegates from the other three Powers discussed the terms on which they would agree if Belgium remained out. This discussion developed differences of opinions on other points, which led, on the 5th of August, to an adjournment to a day (not fixed) in October. Another motive for the adjournment may have been the expectation, that with more time Belgium might be persuaded to change its attitude.

The London *Times* of August 6 prints a dispatch, dated August 5, from Paris, stating that the French, Italian and Swiss delegates were not able to agree on certain clauses in the treaty as proposed to be extended, and therefore adjourned to "meet about October." The dispatch says that there were two points of difference, one relating "to legal-tender as regards Italy," and the other "to the mode of repayment of silver coins in case of liquidation as regards Switzerland." The Italian delegates left Paris August 6.

The same number of the London *Times* prints the following dispatch:

Brussels, August 5.—The unjustifiable pretensions of France regarding the Monetary Union question have produced a very bad

impression here. The proposal remains open till October, and it is hoped that the conference may arrive at an understanding before then.

A dispatch from Paris under date of August 16, says that in the event of the final refusal of Belgium to remain in the Union, and to accede to the new condition demanded by the other Powers, France will collect the 300,000,000 Belgian five-franc pieces (\$60,000,000) supposed to be circulating in France, Italy, and Switzerland, deposit them in the Belgian Bank, and sell in Belgium bills to be drawn against them. In other words, France will collect the Belgian silver coins and sell them in Belgium for what they will bring. Such an operation, if made within a short space of time, would doubtless result in some depreciation, more or less, of the coins. The dispatch goes on to say that the mercantile and banking classes in Belgium apprehend commercial and financial disaster, unless an accord is reached with the other Powers, and that they are bringing a pressure to bear upon their own Government to induce it to come to such an accord.

The impression prevails in Europe that in October the matters in dispute will in some way be arranged.

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### FINANCIAL FACTS AND OPINIONS.

The subscriptions for the late (so-called) Egyptian loan of forty-five million dollars amounted to 1,000 millions, of which 525 millions were made in London. The eagerness to get into the loan was extreme, as it was not doubted that the fortunate allottees could sell out immediately at a round premium, as has since been verified. The loan is under the guarantee of the Great Powers. The English bankers feel sore because the political motives for conciliating Bismarck induced the British Cabinet to give the negotiation of the loan to German houses, whose commissions foot up one million dollars, which in these lean days is a very pretty financial plum. These commissions will come at last out of the Egyptian fellahs, but that will require nothing but an increased administration of the bastinado. One part of the proceeds of this loan goes in payment of the losses consequent upon the British bombardment of Alexandria. The political and moral ethics which justify saddling Egypt with such a payment, are too abstruse and occult to be intelligible on this side of the Atlantic. Mr. Seward once advised everybody to be born in America. If he had lived to this time he would have advised everybody to carefully avoid being born in Egypt.

Poor's *Railroad Manual* for 1885 makes the total railroad mileage in this country 125,379 miles at the end of 1884. It also fixes 3,977 miles as the total length of the new railroads and extensions of

railroads during the year 1884. According to the running account kept during the year the new mileage was only 3,500 miles. Either figure exceeds the new railroad mileage constructed in all Europe during the same year.

The net earnings of all the railroads in this country during 1884 were \$268,106,258, which, although less than in 1883, is still an enormous sum, and must be a very high percentage upon all the real capital which has ever been put into these properties. Great as the sum is, it by no means represents all the profits made by that portion of the owners of the railroads who are also their managers. There are other profits, such as Pullman car and express contracts, commissions on the purchases made for the railroads, extravagant salaries, and still more extravagant counsel fees, &c., &c.

A Berlin despatch of August 2 represents Bismarck as talking "more strongly" than ever before in favor of bimetallism, with special reference to facilitating his scheme of a custom-house union with Austria. He is reputed never to speak *sotto voce*, and the hearers may have mistaken the precise degree of strength with which he spoke on this occasion. There is no doubt at all of the general fact that, being at the time of the German silver demonetization, in 1871-3, pre-occupied with other matters, he was merely an acquiescing party to that transaction, and that as soon as he turned his attention to the subject he has steadily condemned what was done, and would now be glad to reverse it, if that was feasible in political and other respects. But we have seen no evidence that he has as yet arrived at the conclusion that it is so, and while he has arrested further sales of silver since May, 1879, he has made no proposition looking towards bimetallism. There is reported to be some agitation among the agricultural classes in Germany to restore silver, but as lately as July the Berlin Chamber of Commerce renewed its declarations of continued adhesion to the gold standard.

The announcement made a few weeks ago that the Panama Canal Company had made an unsuccessful application to the French Government for aid to the amount of 500 million francs, or \$100,000,000, in the shape of a loan or guarantee, turns out to have been a mistake. What the company actually asked for, was the permission of the Government to add the lottery feature of prizes to their next issue of bonds for 600 million francs. It seems that in France the assent of the Government is required in such a case. It was asked for and given to the Suez Canal Company, but the present application of the Panama Company has, so far, been denied. To grant it would make the Government, not the legal guarantor of the bonds, but, in a certain degree, morally and politically, responsible for them. The actual expenditures, so far, upon the work are said to have been \$104,000,000, exclusive, as we understand it, of the sum paid for the purchase of the Panama Railroad. Those who have all along said that the



completion of the work, if possible at all, would cost \$500,000,000 repeat that assertion more confidently than ever, and the universal belief is that at that cost very little return would be made on the investment after paying the expenses of maintaining the canal in working condition. It does not seem possible that any sum approximating \$500,000,000 can be raised from private investors for such an enterprise, which is certainly a doubtful one, and when few or no private investors in it are likely to be found outside of France, and indeed outside of Paris. That the French Government, loaded already to the water's edge with debt, should shrink from shouldering the responsibility for the Panama Canal is not extraordinary; but, after all, it is not clear at this distance what that Government may do, or not do, in the matter. Paris is a nest of financial gamblers and unscrupulous politicians, and these gamblers and politicians frequently act together, and are sometimes the same persons. Indeed, in all the great European capitals there is the most thorough political recklessness. The motto acted upon in them is that of Metternich—"After us the deluge." Even Leon Say, who is certainly one of the most prudent and respectable public men in France, did not hesitate three or four years ago, as the advocate of the Freycinet scheme of borrowing one thousand million dollars for internal improvements, to say that nothing was necessary to the success of such a policy "except peace abroad and quiet at home," which, as he knew quite as well as everybody else, are precisely the two things which France is never sure of for a single week.

Whatever may be the fate of the Lesseps plan at Panama, our policy is not to intermeddle with it, paying no attention to the cheap demagogues in this country who insist that we must resist by force the building of any canal across the American Isthmus, over which our predominant control is not stipulated for in advance. Being nearer to that isthmus than any of the Great Powers, it will be extraordinary if we cannot take care of our rights and interests in all future contingencies. As to stipulations in advance, there can be no possibility of their being worth anything more than the paper on which they are written.

In an address delivered a few days ago before the Manchester (Eng.) Chamber of Commerce, Mr. Goschen introduced a mass of statistics showing that the stocks on hand of many commodities—such as sugar—which have of late fallen greatly in price, are very small. It does not need statistics to prove that the overproduction of particular articles must be a very temporary condition, inasmuch as the constant and strong tendency must be to limit the production of such things as cannot be sold at some profit.

In a paper read recently before the London Statistical Society, the observation was made that as the wages of laborers cannot fall below the minimum required for their maintenance, this minimum must advance as luxury advances. That may be good logic in London,

but will not seem so anywhere else. The luxury of the luxurious classes may reach fabulous heights, while labor is on an allowance only just above the starvation point. Some persons believe that the extravagance of the rich is, in some respects, one of the causes of the privations of laborers. However that may be, we certainly know as a matter of fact, that as luxury advances, the condition of laborers may, and frequently does, become worse.

The London *Economist*, in an article setting out the severity of the competition from other European countries, and especially Belgium, to which British iron and steel are subjected in the markets of the world, and even in the markets of Great Britain itself, proceeds to point out some of the means not yet resorted to for meeting this competition. The method of cutting down the profits of the capital engaged in producing iron and steel seems to be about exhausted. The method of cutting down wages, although it has been carried to a very depressing point, may doubtless be carried somewhat further, as there is still some margin left between starvation and the wages actually paid. But there are, according to the *Economist*, two other resources not yet touched at all. One is the possibility of reducing the royalties paid to landowners for iron ore which are said to be very much higher than those paid on the Continent of Europe. The other is the possibility of reducing railroad freights upon the raw materials used in making iron and steel, and upon those finished productions themselves.

The situation of Great Britain is very simple. With a crowded and as yet increasing population, and with an area too limited to produce the food required for its people, it is forced into foreign trade, one of the conditions of which is, that in order to sell, it must make its prices at least as low as those who sell the cheapest.

The case is all summed up in the following words from a report (April, 1884) from our consul at Rio Janeiro:

The talisman of trade is cheapness. If we would export largely, we must manufacture as cheaply as they do in Europe.

And we must not only come down to the average cheapness of Europe, but to the prices of the cheapest nation in Europe. When, if ever, we can match England in the price of iron, we shall still be overmatched by Belgium, and so with everything else. Foreign trade is for us a purely optional thing in the main. It is not forced upon us by necessity, as it is upon the nations of Western Europe. Unlike them, the United States contains almost everything within itself. Our importations should be strictly limited to such things as, from climate and other conditions of physical nature, we cannot produce at as little expenditure of labor as they can be produced elsewhere, and without reference to the higher price of our labor. Our true field for commercial development is the home trade, of which we have both sides, and in which all the transportation charges are earned by our own people.

A late statement from the Internal Revenue Bureau makes its receipts \$112,420,111 for the fiscal year ending June 30, 1885. The estimate for the current fiscal year is \$115,000,000. During the last session of Congress there was a large vote in the House in favor of the total abolition of the internal revenue, without which the surplus revenue of sixty-three and a-half millions during the last fiscal year would have been changed into a deficit of forty-nine millions. That so large a vote was given for a proposition so fatal to the equilibrium of our finances and to the National credit, was due to many causes. In one or two southern States there is a popular desire to get rid of the tobacco tax, and in still more of them there is a certain degree of sympathy with those who are being subjected to prosecutions and punishments for the illicit distillation of whiskey. There has always been a small section of the tariff party, and it is a large section in Pennsylvania, holding to the belief that the repeal of the internal taxes will help protection by compelling higher duties, whereas, in truth, it will be much more likely to compel a reduction of duties in order to get more revenue. A large contribution to the vote in the House came from men whose chief object was to prevent the payment of the National debt.

The statistics collected by the Iron and Steel Association show that the total pig-iron production in this country during the first half of 1885 was 2,150,816 tons of 2,000 lbs., being a reduction of 126,255 tons, as compared with the first half of 1884. Notwithstanding this decrease of production, stocks of pig iron on hand and unsold increased 99,916 tons during the first half of 1885, which shows that the output must be still further reduced unless the rate of consumption becomes larger, of which there are no present distinct indications. The condition of the pig-iron market is generally looked to as one of the most reliable barometers of the general situation of the productive industries.

John Bright is, like most men, fond of making predictions. He made very many about the consequences of the repeal of the British corn laws, scarcely one of which was realized by the event. He is now making the prediction that Europe is "marching toward some great catastrophe," which is, in one aspect, a very safe one to make, inasmuch as nations and men may "march toward" anything without actually reaching it until after an indefinite lapse of time. Mr. Bright gives as the great reason for expecting a catastrophe in Europe, the enormous military expenditure in times of peace, as well as of war, but a really much greater reason is the growth of the funding system in that afflicted part of the world. The interest on European debts is larger and more devouring than the expense of their military establishments. But it would be still more accurate to say that it is the combination there of the two drains upon industry, the funding system and the military system, which constitute

the danger. Europe might bear one of these mischiefs for a long time, but the two may prove too much for its capacity. Mr. Bright's remedy for the disease is even more faulty than his diagnosis of it. His prescription is free trade, and the reduction, if not total abolition, of custom houses. Nothing ever can or will shake the faith of Mr. Bright in that nostrum. Mr. Bright and other Englishmen continually point to the expansion of British commerce and manufactures since 1850 as conclusive proof of the benefits of free trade, but they utterly refuse to see what everybody else sees, that at least an equal expansion has occurred in France and other protective countries. All the world, except the English, know that it was the sudden outflow of gold from California and Australia thirty-five years ago which gave an enormous impetus to trade, industry, and exchanges everywhere, and not more in England than elsewhere.

At a meeting in Paris, July 29, of the Panama Canal Company, the official reports gave 595,017,863 francs as the amount of actual cash raised on bonds and shares. The account of expenditures was only brought down to June 30, 1884, and these footed up 327,200,044 francs, but it was stated that subsequent to that date the works had been pushed forward more actively. The estimate of the total cost of "the canal proper"—and how many things were intended to be excluded by that phrase does not exactly appear—was fixed at 700 million francs. It is added that "the difference between that sum and the total estimated outlay of 1,070 millions is made up by administrative expenses, interest on capital and debentures," &c. M. de Lesseps made replies to the questions of shareholders, which were accepted as satisfactory, but there may have been a good deal of dissatisfaction which it was not thought prudent to express in public.

The Austrian production of silver in 1884 was valued at 3,105,740 florins, or at the gold price of silver, about \$1,250,000.

In a budget speech in 1842, Sir Robert Peel laid it down as a maxim that "the only limit to a tax upon spirits is that rate which will produce the greatest amount of revenue." That is as sound sense in this country as it is in England. We must hold on to the whiskey tax—*first*, until the debt of the Civil War is paid, and *next*, forever afterwards until we can find some other more fit object of taxation—which we never can.

Paris correspondents affirm that the Budget committee of the French Chamber of Deputies admit that 470 million francs (\$94,000,000) have so far been expended in the Tonquinese War. A member of the Chamber of Deputies, who is esteemed "a great authority in finance," stated a few weeks ago in a speech, that the deficit of the budget of the present year would be 650 million francs (\$130,000,000).

The local taxation in England and Wales during the fiscal year ending March 31, 1883, was £24,477,086, as compared with £20,147,849 during the year ending March 31, 1877. Between the same dates

the local debts had increased from £106,045,465 to £159,142,926. Between the same dates the rental of real estate in England and Wales increased from an estimated amount of £146,989,979, and an officially assessed amount of £124,587,474, to an estimated amount of £167,449,369, and an officially assessed amount of £141,407,687.

An idea, in various forms of expression, is floating about in the columns of the newspaper press, that there is a great falling off in the application of capital and labor to what are described as works of construction, such as railroads, mills and buildings generally. So far as this is true, it is undoubtedly one of the causes of the depression of wages, but the extent to which it is true is by no means so great as it is often represented to be. The experience of England was, during the depression of 1873-76, that the building trades, so far as houses are concerned, was unusually active. The buildings at that period, in London, were reckoned, not in blocks, but in miles square. The same thing and from the same cause is now happening in most of the large cities in this country. The investment of capital in New York in the construction of houses was never so great as it has been during the last three years, and is still continuing on a great scale. The same report comes from all points of the compass, and from cities differing widely in the circumstances of their condition, such as New Orleans, San Francisco, Chicago, St. Louis, Washington, &c. The population of the country is increasing at a rate diminished in only a slight degree by the decline of immigration. Money, although never within a century so dear and valuable in the exchanging of it for other things, is exceedingly cheap to borrow, and that enables the owners of land to obtain it at low rates for the improvement of their property. It is true that rents are, on the whole, declining, but certainly at no greater rate than the income from the average of investments, while the advantage of safety in solid structures is never impressed upon men more than in times of general distrust and when so much capital put into stocks and bonds is dissipated into thin air. The only consideration tending to postpone the investment of capital in improvements upon land, is the apprehension, to whatever extent it may prevail, that materials and wages may fall still lower. When the conviction that bottom is reached becomes universal, we may expect that improvements of all kinds upon land will become even more active than they are now.

The *California Architect* is authority for the statement that the building contracts in San Francisco for the first half of 1885 amounted to \$4,456,559, as compared with \$3,188,170 for the corresponding half of 1884, which, it says, "was a banner year in the building trade."

The suggestion is made that, in the arrangement of our National financial affairs, particular branches of revenue should be set apart for the several classes of expenditures. We have had no example of that in our recent history, except in the special assignment of

the customs duties to the payment of the interest and sinking fund of the National debt. We want to see that assignment better observed and respected than it has been, before we go into the business of making further assignments.

The amounts and descriptions of United States bonds, deposited for National bank-note circulation, were as follows at the dates named:

	1885—July 25.		1885—August 6.		1885—August 22.
6s.....	\$ 3,505,000	....	\$ 3,505,000	....	\$ 3,505,000
4½s.....	49,151,050	. .	49,060,750	....	49,062,750
4s.....	117,351,400	....	117,147,650	....	116,955,650
3s.....	140,518,600	....	140,479,250	....	140,159,150
	<u>\$ 310,526,050</u>	....	<u>\$ 310,192,650</u>	....	<u>\$ 309,682,550</u>

## THE NATIONAL BANKING SYSTEM.

After Congress gave a preference in the spring of 1865 to the State banks, which should apply before the 1st of July following, for conversion into National banking associations, "nearly all of the State banks voluntarily changed." This is the language of the Comptroller in his annual report for that year. He was correct; but when we consider the inducements offered to them to change, and the burdens they would be compelled to bear if they did not, the language is strained. Clearly seeing their disadvantage in the future race for business if they remained State institutions, they changed so rapidly that on the 1st of November 922 of the 1,600 National banks were converted ones. Thus in two years and a-half from the time of organizing the first National bank, the National system became firmly established. Born in National agony, and always encompassed with enemies, the system has proved its superiority to every other tried in our country, and, like a good man, has won more and more popularity "with the process of the suns."

The first effect of converting the State banks was to diminish the aggregate bank circulation, for the reason that no National currency was delivered to a converted bank until its former circulation was reduced below the amount prescribed by the National law. As several of the States which authorized the conversion of their banks gave them authority to continue the issue of their State circulation for a limited period after effecting the change, the action of the Comptroller caused much complaint. But he was unquestionably right; they were bound to discharge all their former obligations, including the redemption of their circulation, and State enactments granting privileges or imposing restrictions contrary to the National banking law were void.

On the 1st of October, 1865, the amount of National bank notes in circulation was \$171,321,903, beside \$19,525,152 in their pos-

session and not issued. The outstanding State bank notes at that date were \$78,867,575, and the legal tender and fractional currency amounted to \$704,584,658.

As we have seen, when Congress first discussed the bill for establishing the system, one of the strongest objections was the imperfect method for redeeming the circulation. This imperfection was acknowledged by the Comptroller, the head of the Treasury, and other persons who were engaged in administering the law. When it was revised the next year a step in advance was taken. Mr. Clarke, who succeeded Mr. McCulloch as Comptroller, recommended that the banks be required to redeem their notes in "the great financial and commercial centers of the country, New York, Boston and Philadelphia." This recommendation was heartily indorsed by the Secretary. There were very few banks outside New York, Boston and Philadelphia, which did not keep their chief balances in one of them, as a regular demand existed at that time for exchange on those cities. It was contended that where the current of trade required the banks to keep accounts for their own accommodation and that of their customers and the public, there should redemptions be made. A bill was introduced embodying the Comptroller's recommendation, but the banks were opposed to it and prevented its passage.

The next year the Comptroller renewed his recommendation. He declared that when the notes became redeemable at a common center, which should be the center of trade, their amount would be "regulated strictly by the demand." When the volume was greater than needful to do the business of the country, the banks would be required to redeem the surplus and it would be retired. When trade was active and more currency was needed, the banks would expand their issues, and redemptions would not be demanded until the season of activity was over. If all the banks were required to conform to a uniform standard of responsibility, the burden, equally divided among all in proportion to their circulation, would be light, because the aggregate redemption at any time would not exceed the surplus of notes in circulation; if such a rule were not established, the burden would be unequally borne, and would fall most heavily on those banks which conformed to the highest standard, compelling them by the frequent return of their notes to contract their issues, while the remote banks would be tempted to undue expansion by the difficulty and expense of returning their notes for redemption. One effect, therefore, would be, an overflow of the inferior currency.

The strongest objection raised at this time to a central redeeming agency was the rendering of the country banks tributary to those of New York. This objection was regarded groundless by many, but the danger could have been entirely averted by organizing a National Bank in New York City having no circulation, and act-

ing as the redeeming agency of the country, and the Clearing house of all the National bank notes in circulation. This plan was recommended by Comptroller Hulburt. The National banks should own the stock and manage it for their own interests. One department, he said, should be devoted exclusively to redemptions and exchanges of currency, another to a general banking business. "Such an institution would prove of incalculable benefit to the banking, commercial and industrial interests of the country. It would place the bank circulation of the country at once upon the soundest footing, and demonstrate practically the fact that the banks stand ready to make their issues not only redeemable, but actually convertible at all times in the great markets of the Union."

These recommendations, like those previously made, did not fructify. One reason, beside those mentioned, was, the legal-tender notes in which bank notes were redeemable, possessed no higher value than the other kind. There was, therefore, not that deep interest in the matter that would have existed had the redemption been in gold or silver. At that time it was simply the substitution of one kind of notes for another. Moreover, the amount of bank notes that could be issued was circumscribed, so there was no danger of unauthorized inflation. The arguments for a central redemption were applicable to a bank currency system very different from the one existing.

The former systems contained no restriction on the amount that could be issued, and therefore prompt and easy redemption was necessary to guard against an over-issue. The amount of currency under those systems was regulated in theory by the requirements of business, while the National system was introduced with a fixed maximum limit. By the State systems the notes of banks located outside New England and New York were redeemable only at the counters of the issuing banks. The notes of such banks in ordinary times came back slowly, in truth, it may be said that nearly two-thirds of the banks of the country did not redeem their notes. The New England banks though had a different system of redemption, redeeming not only over their counters, but also at the Suffolk Bank in Boston, which received as a compensation the profits on the money sent for redeeming bank circulation. By the New York system notes were redeemed at par at their place of issue, and at one-quarter of one per cent. discount in New York City, Troy and Albany. Both of these systems were quite satisfactory, but would have been less effective had they embraced all the banks of the country. The Suffolk system was limited to 500 banks in six States having an aggregate circulation of \$ 500,000,000, the New York system was limited to the bank of a single State.

Some reasons did truly exist for perfecting the mode of redeeming National bank notes. One reason was that persons desired occasionally to exchange them for legal-tender notes to pay debts



when the other kind would not suffice. Another reason was that banks occasionally wished to exchange bank notes for legal-tender notes in order to replenish their reserve. But a much more potent reason for providing an effective mode of redemption was to exchange soiled and mutilated notes for fresh ones. The mode of redemption first devised, even with the improvement of the following year, was not sufficiently active to drive the notes into the places designated for redemption. The entire stream of circulation became polluted, and the need of purifying it after a short time was manifest. Not until 1874 did Congress enact that the bank circulation should be redeemed by the United States Treasurer at Washington. To accomplish this end the banks were required to deposit with him five per cent. of their circulation in lawful money, which was counted as a part of their lawful reserve. What the law did to purify the polluted stream of circulation may be seen from the following table. The amount of mutilated notes returned to the Comptroller's office for destruction for the years ending October 31, was:

1869.....	\$8,603,729
1870.....	14,305,689
1871.....	24,344,047
1872.....	30,211,720
1873.....	36,433,171
1874.....	49,939,741
1875.....	137,697,696
1876.....	98,672,716

Since 1876 the annual quantity returned has been much less than during any year. The banks were required to pay the expense of redemption, and the mode has proved simple and effective. A reserve fund of money must be kept somewhere, and this can be done as safely by the Government and at Washington as by the banks and in New York. It is generally admitted that the mode of redemption thus established after ten years of thought bestowed on the matter, is the best practicable, and is not likely to be soon changed.

Although the banks were relieved from keeping in their vaults a reserve to redeem their circulation, they were required to keep the same reserve as before for the payment of deposits. As the agencies for redeeming the circulation was abolished, it was the clear design of the law that the country banks thereafter should themselves keep that portion of their reserve which previously had been kept with their redemption agencies. In other words, as the Government had become the sole redeeming agent with which all banks kept a redemption fund to the amount of five per cent. of their circulation, it was not necessary for any bank to keep a fund elsewhere for that purpose. But the law was not changed which permitted the banks in the redemption cities "to keep one-half their lawful-money reserve in cash deposits in the city of New York."

The operation of the law therefore was, that the country banks were required to keep a fund equal to five per cent. of their circulation at Washington, and another fund of ten per cent. out of their circulation and deposits at home. The bank in the redemption cities must keep a similar reserve fund at Washington, and another of ten per cent. in their own vaults.

The keeping of a large portion of the reserves of the banks outside New York City with the banks located there continued. This reserve feature of the system excited much bank opposition for a long period. The requirements of many of the States had been very vague and loose. There were indeed some exceptions. The States of Massachusetts and Louisiana particularly required the keeping of an ample reserve. New York did not have such a requirement. The country banks of that State, however, were required to redeem their notes in the city of New York in specie, and an examination of their returns showed that while they usually kept only about two and a-half per cent. of circulation and deposits in their vaults, they did keep on deposit with their city correspondents nearly as large a portion of reserve as they do now under the National system.

Those who at an early date advocated a free banking law and the expansion of the currency generally, also favored quite generally the repeal of all reserve regulations. They, in truth, favored the freest kind of banking. They did not believe in creating reservoirs for dry times, but in letting the stream of circulation run without hindrance, and if that was not enough, to open the Government windows and deluge the land with more. In short, they contended that whatever might be lacking, there ought not to be any lack of notes so long as a government, paper, printing presses and labor existed.

Nor was this position confined solely to those who wanted cheap money because they had debts to pay, or stocks to sell, or who believed that it was an alternative for the hard times. Some banks entertained the doctrine. They claimed that the directors and managers of the banks, and not Congress, were the best judges of the amount of money that should be loaned, or of the amount that should be held on hand for the protection of their creditors; that the duty of the Government was performed when it protected the bill holder from loss, and that the depositor or other creditor should protect himself. They also claimed that such laws prevented the banks from extending accommodations to legitimate business interests, and consequently they suffered. Such banks, therefore, were desirous of having the restriction surrounding the reserve removed.

On the other hand, a much larger number heartily approved this feature of the system. The former class of banks, in truth, were

opposed because they wished to loan all their money, while the latter class, which included the conservative banks, supported the existing policy. Even if no law had existed on the subject, they would have maintained such a reserve, for under the State systems, when no such provision existed, they did so. For them, indeed, such a law was not needed, but there was for the banks that did not like it. They wished to loan all they could, and too much, and the law stood in their way.

The reserves which the banks outside New York City were required to keep were sent in large amounts, though irregularly, to New York. When business was dull and outside banks could not employ their funds profitably, they sent them to New York to await the revival of business. The banks in New York having no legitimate way for employing the money at such times, and threatened with the loss of interest which they had promised to pay thereon, loaned it to stock brokers. Thus the banks tempted the brokers to buy stocks by offering them money at low rates. On the other hand, as these loans were made on very short time, the lending banks could always obtain funds if they were wanted to supply the demand of the country banks. If this way had not been open to the New York banks for employing their deposits they could not have afforded to pay interest on them, and they would have been less profitable; on the other hand, this practice stimulated speculation and enhanced the danger of monetary panics. A bank would not have paid interest on "country balances," as they were called, if they could not be used, and they would not have dared loan a considerable portion of them on time. All loans on call were to speculators. No other persons had such a use for money. No merchant or manufacturer would borrow in that way. This striking fact, therefore, appears, while the banking law wisely provided for the maintenance of an adequate reserve, a very large portion of it was actually used by New York speculators. Though this fact was well known and caused much comment, no legislation was attempted. In 1873 when a panic broke out in that city, caused by a sudden demand of the country banks for their reserves, the New York banks found great difficulty in responding. The \$60,000,000 of call loans on which they relied for an emergency of this kind "were entirely unavailable." The banks held collaterals, it is true, for their loans, but these shrank so rapidly in value that the banks could not sell them except at a large sacrifice. This is one of the peculiarities of that kind of loan. In good times nothing is safer, because the bank daily knows the worth of the collateral, while an ordinary borrower may deceive a bank concerning his real condition. In bad times the entire list of stocks is apt to shrink, but the credit and ability of merchants do not, and so the banks have learned

from much experience that while both kinds of loans have their advantages, the ordinary mercantile ones in the long aggregate are the safest. Now the banks found themselves in this condition; they could not afford to sell their collaterals, and so a meeting of the Clearing-house Association was held at which it was determined to issue Clearing-house certificates, properly secured, to the banks that wanted them, and use them as money among themselves. The plan had been tried before, and has been since; a new kind of money was extemporized for the occasion which proved effective.

It was clearly seen how all the mischief had been caused, and the remedy was apparent—namely, to stop paying interest on deposits. Of course, if this had been done, the country banks would have kept their deposits at home, and the New York banks would not have had the use of them. Two parties exist to this question; it has been discussed numberless times, but not settled, and probably never will be. The prudent bankers, who are content with fair profits, condemn the practice; the banks that wish to make the most they can, notwithstanding the risks they clearly see must be incurred, favor their payment.

Those who have been opposed to legal regulations concerning the reserve, were likewise opposed to bank examinations. The law, at the outset, required these to be made, and they have always been continued. The strong and well-managed banks have always favored publicity, the weaker ones and those who wished to do business in a wild and daring manner, in many cases, but not all, have been opposed to them. The United States was divided into twenty-five districts, and an examiner was appointed for each district. Instructions were issued to them by the first Comptroller of the Currency, Mr. McCulloch, and with longer experience greater efficiency has been attained in conducting examinations. "This official inquiry," said Comptroller Cannon, in the annual report for 1884, "into the affairs of a National bank, does not end with the mere inspection of the cash, bills receivable, books and accounts of the association, but the examiners are instructed to closely scrutinize the business of the bank, to investigate the standing and fitness for their positions of the persons to whom the management of the affairs of the association are intrusted, and in the manner in which the business is usually conducted, whether prudently or otherwise; to ascertain as far as possible the character of the loans and discounts of the bank, and what losses, if any, have been or are likely to be sustained."

On the history of bank examinations we cannot dwell. Losses have occurred, some of which more efficient examinations would have prevented, but far greater losses have doubtless been prevented by having them. The fact that the strongest and best managed

banks favor them, is proof of their need, and that they are a check on operations that otherwise would be undertaken.

Albert Gallatin wrote in 1831: "Another great guarantee against improper management is the obligation to make public annual statements of the situation of the banks. The mystery with which it was formerly thought necessary to conceal the operations of those institutions has been one of the most prolific causes of erroneous opinions upon that subject, and of mismanagement on their part. . . . Publicity is, in most cases, one of the best checks that can be devised; it inspires confidence and strengthens credit, while concealment begets distrust, and often engenders unjust suspicion." The reports and examinations required by the Government have done much to let the public inside the banks and to show how they are managed. The result has been most beneficial. In no country in the world has a banking system been so open, so little hidden. Confidence in the banks is greater where it is seen that they are true to their charters of incorporation, and the public will always regard them with more favor than if they live in a tomb of concealment.

The year after perfecting the mode of redeeming the bank circulation the restriction on the amount that could be issued was removed. Congress had acted wisely in clarifying the circulation before thus enlarging the stream. In the interval the original limit of \$300,000,000 had been twice increased, in order to equalize the bank circulation among the States, the reason for which is worth explanation.

The original Act apportioning one-half of the bank-note circulation on the basis of population, and the other half on that of banking capital, resources and business, was repealed the next year, and the distribution of the circulation was left to the discretion of the Comptroller. In March, 1865, this feature of the original law was restored, at the same time the internal revenue law provided that all State banks which applied before the first of July to become National banking associations should have the preference in obtaining a circulation. The two amendments were not harmonious, and if the apportionment had been made by the original law many of the converted State banks could not have obtained as large circulation as they could by the revival of the original law. But, as it seemed to be the intention and policy of the law providing for the conversion of the State banks, so the Comptroller thought, to absorb all of them rather than to create new banks in addition, the Comptroller permitted the conversion of State banks without limitation. He was wrong, and the effect of his action was a very unequal distribution of the currency, some of the States receiving far more than they would by the law of apportionment, and leaving but a very limited amount to be

awarded to the Southern and to some of the Western States. The Government having assumed control of the currency, it was obviously its duty to provide banking facilities to all sections. As the Southern States were in rebellion when the National banking system was launched, they were too late to employ it in their section of the country. The Comptroller maintained that the deficiency should be supplied—*First*, because it was important to all sections of the country, particularly to the Northern States, that the South should be supplied with all the facilities necessary for the production of the great staples of that section, because their shipment abroad would reduce the exportation of gold. *Secondly*, although to a limited extent, means were supplied by capitalists from other sections for Southern productions, yet the supply was not equal to the demand, and foreign capitalists were thus enabled to gain entire control over a very large proportion of valuable products, thereby gaining large profits, and leaving in the country barely the cost of production. This state of things caused much discontent and dissatisfaction among the producers. The third reason given was, that prosperous industry was the most speedy and certain remedy for the existing evils in the Southern States.

Two plans were proposed for supplying the South with banking facilities. One plan was to equalize the existing circulation among the States and territories, and the other was to increase the amount. Two objections were raised to the first plan; the first was the right of Congress to withdraw circulation from banks that had issued it; but the second, and stronger, was the impracticability of withdrawing a sufficient quantity of the bank notes then in circulation rapidly enough to permit the issuing of other notes to banks in the South and West in time to furnish the relief desired. This plan, however, had the approval of the Secretary of the Treasury, Mr. McCulloch. The Comptroller, on the other hand, favored an increase, but so adjusted that the amount should not exceed, "at any time, or in any month," the amount of legal-tender notes withdrawn by the law which at that time authorized their contraction.

The plan adopted was a compromise. The sum of \$54,000,000 was to be furnished to the banking associations then existing, or thereafter organized in "those States and Territories having less than their proportion under the apportionment contemplated by the provisions" of the Act of March 3d, 1865, if the applications were made within a year, otherwise the Comptroller could issue it to other banking associations applying for the same, giving preferences to those having the greatest deficiency. After the whole amount should be distributed, \$25,000,000 were to be withdrawn from those banks which had an excess, and distributed among other banks in States having less than their proportion.

Such an increase of bank circulation would have enlarged the

volume of currency if the law had not provided that a similar amount of the three-per-cent. certificates, issued in 1867 and '8 and held mostly by the banks, should be canceled. These certificates were payable in lawful money, and were authorized for the purpose of redeeming the compound-interest notes. They largely entered into the reserve of the banks; no effect, therefore, was wrought on the quantity of circulation; the three-per-cent. certificates, which were a somewhat dangerous loan because payment could be demanded at any time, were supplanted by National bank circulation.

The additional circulation was soon issued, and the Comptroller made preparations for drawing \$25,000,000 from the banks having an excess. It would be principally taken from the banks in the States of Massachusetts, Rhode Island, and Connecticut. If withdrawn, the circulation of no bank in either of those States would have exceeded \$300,000. When carefully studied, the law was found, like many a previous one, far more difficult to execute than to enact. It was quite impossible for the banks to respond if the Comptroller should make requisition on them, because their notes were scattered throughout the country. If they did not comply with such a requisition within a year, the Comptroller was empowered to sell a sufficient amount of bonds belonging to the banks and held by the Government, and redeem their notes as they came into the Treasury, until the whole amount required was obtained. But the notes, as the Comptroller remarked, would not come to the Treasury for redemption unless first assorted by the brokers and resold by them to new National banks about to be organized. This would encourage the objectionable practice of authorizing new National banks with circulation, on the condition that currency should be purchased of the brokers in the market at a premium. The Comptroller recommended a repeal of the law, and the issue of \$5,000,000 of additional circulation annually, for five years.

[TO BE CONTINUED.]

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The London *Economist* says that the late Egyptian loan of \$45,000,000 might easily have been placed at par if it had stood on the English guarantee alone, and had been marketed in the usual way in which English loans are managed. It was, in fact, offered and disposed of at five per cent. discount, in order to make an international division of the spoils among the Great Powers, or rather among the banking houses which those powers find it convenient to coddle and conciliate, and especially when they can do it at the expense of somebody else. This five-per-cent. discount, which is \$2,250,000, comes out of the Egyptians, in addition to a round million in the way of commissions.

## THE RAILWAYS.

The total new railroad construction in this country amounted to 895 miles during the first half of 1885. The *Railway Age* makes the statement that the experience of several years back shows, that the mileage completed during the first half of the year has ranged from one-quarter to one-third of the mileage completed during the whole year.

The railroads sold under foreclosure during the first half of 1885 were fifteen in number, and aggregated 1,121 miles in length, and had a (so-called) capital of \$74,000,000, containing, of course, an unknown proportion of water. The foreclosure of railroad mortgages is not in itself necessarily either a public or private misfortune. It is a sign of a pre-existing bad condition of things, and is sometimes an indispensable first step towards amendment, just as the pinching economy in private habits which hard times compel, while it is a proof of the general poverty, is not the cause of it, and is, on the contrary, one of the processes by which a recovery from it may be hoped for. The difference is, that whereas economy tends always to an improved condition, railway foreclosures are so only when they are consummated by methods and measures which correct the mistakes, or abuses, which led to them. Where foreclosures are followed by re-organizations, with capitals as much inflated as they previously had been, and in some cases the new inflations are greater than the old, the situation is by no means improved, and the necessary remedy of looking the actual situation in the face, and of scaling securities and shares to the real facts, will not have been applied. In truth, some railway foreclosures are arranged schemes, not for the purpose of correcting over-capitalization, but for the purpose of concealing it under new and attractive forms, so that an old set of manipulators may escape from their losses by throwing them upon unwary outsiders.

Englishmen often say that over-capitalization of railroads is the special sin of the United States, and that it is little known in British roads. This is true, but not because British railroad speculators are one whit more scrupulous than their fellow sinners on this side of the Atlantic. The British railroads were substantially all finished before the system of watering railroad stocks and shares came into vogue, and now that the cost of the British roads is entirely well known, it has not since been possible for British speculators to apply the system to those roads. That they would do it if they could is abundantly proved by the fact, that where they have had the control of American roads, where over-capitalization



has been possible, they have pushed it to the last extreme. There never was a more abominable example of watering and inflation, running into the hundreds of millions, than in the case of the road originally known as the Atlantic and Great Western, which was always in the hands of English manipulators. The re-organization of the Wabash concern, as recently arranged in London is of the same complexion, although on not so magnificent a scale. These London re-organizers show no disposition whatever to come down to the hard pan of the actual facts, but they mean to keep all the bonds and shares floating at the old bubble figures. Possibly, they may make a good thing of it for themselves, by tempting in the public by the show of a little bait money which the shareholders are to contribute.

The railroad system in this country presents the greatest aggregation of capital ever concentrated in one single interest. It has grown up wholly within the lifetime of men who do not consider themselves very old, and its principal growth has been within twenty-five years. Nobody can foresee, and probably most persons underrate its future growth. Its influence upon the value of other property, and upon the advancement of particular cities, sections and industries, is great and often controlling. The wisest legislative methods of dealing with it yet remain to be discovered, or, at any rate, yet remain to be agreed upon.

### OFFICIAL REGULATIONS REGARDING U. S. BONDS.

The following are the bonds which have matured and ceased to bear interest :

<i>Title of Loan and Date of Authorizing Act.</i>	<i>Denominations.</i>	<i>Rate of Interest</i>	<i>When Redeemable or Payable.</i>
LOAN OF 1858: June 14, 1858—Coupon.....	\$1,000.....	Per ct.	
Registered..	\$5,000	5	Redeemable after fifteen years from January 1, 1859.
FIVES OF 1880: June 22, 1860—Coupon.....	\$1,000, \$5,000.....	5	Redeemable after ten years from January 1, 1861.
Registered..	\$1,000, \$5,000		
SIXES OF 1880: Feb. 8, 1861—Coupon.....	\$1,000 .....	6	Payable after December 31, 1880.
Registered..	\$1,000, \$5,000, \$10,000		
OREGON-WAR LOAN: March 2, 1861—Coupon.....	\$50, \$100, \$500.....	6	Redeemable twenty years from July 1, 1861.
SIXES OF 1881: July 17, and August 5, 1861—			
Coupon ....	\$50, \$100, \$500, \$1,000	6	Redeemable after June 30, 1881.
Registered..	\$50, \$100, \$500, \$1,000, \$5,000, \$10,000.		
FIVE-TWENTIES OF 1862: Feb. 25, 1862—Coupon ....	\$50, \$100, \$500, \$1,000	6	Redeemable after five and payable twenty years from May 1, 1862.
Registered..	\$50, \$100, \$500, \$1,000, \$5,000, \$10,000.		

<i>Title of Loan and Date of Authorizing Act.</i>	<i>Denominations.</i>	<i>Rate of Interest.</i>	<i>When Redeemable or Payable.</i>
<b>SIXES OF 1881:</b>		<b>Per ct.</b>	
March 3, 1863—Coupon ....	\$50, \$100, \$500, \$1,000	6	Redeemable after June 30, 1881.
Registered ..	\$50, \$100, \$500, \$1,000, \$5,000, \$10,000.		
<b>FIVE-TWENTIES OF 1864:</b>			
March 3, 1864—Registered ..	\$100, \$500, \$1,000, \$5,000.	6	Redeemable after five and payable twenty years from November 1, 1864.
<b>TEN-FORTIES:</b>			
March 3, 1864—Coupon ....	\$50, \$100, \$500, \$1,000	5	Redeemable after ten and payable forty years from March 1, 1864.
Registered ..	\$50, \$100, \$500, \$1,000, \$5,000, \$10,000.		
<b>FIVE-TWENTIES OF 1864:</b>			
June 30, 1864—Coupon ....	\$50, \$100, \$500, \$1,000	6	Redeemable after five and payable twenty years from November 1, 1864.
Registered ..	\$50, \$100, \$500, \$1,000, \$5,000, \$10,000.		
<b>FIVE-TWENTIES OF 1865:</b>			
March 3, 1865—Coupon ....	\$50, \$100, \$500, \$1,000	6	Redeemable after five and payable twenty years from November 1, 1865.
Registered ..	\$50, \$100, \$500, \$1,000, \$5,000, \$10,000.		
<b>CONSOLS OF 1865:</b>			
March 3, 1865—Coupon ....	\$50, \$100, \$500, \$1,000	6	Redeemable after five and payable twenty years from July 1, 1865.
Registered ..	\$50, \$100, \$500, \$1,000, \$5,000, \$10,000.		
<b>CONSOLS OF 1867:</b>			
March 3, 1865—Coupon ....	\$50, \$100, \$500, \$1,000	6	Redeemable after five and payable twenty years from July 1, 1867.
Registered ..	\$50, \$100, \$500, \$1,000, \$5,000, \$10,000.		
<b>CONSOLS OF 1868:</b>			
March 3, 1865—Coupon ....	\$50, \$100, \$500, \$1,000	6	Redeemable after five and payable twenty years from July 1, 1868.
Registered ..	\$500, \$1,000, \$5,000, \$10,000.		
<b>FUNDED LOAN OF 1881:</b>			
July 14, 1870, and January 20, 1871—Coupon .....	\$50, \$100, \$500, \$1,000 \$5,000, \$10,000.	5	Redeemable after May 1, 1881.
Registered .....	\$50, \$100, \$500, \$1,000, \$5,000, \$10,000, \$20,000, \$50,000.		
<b>SIXES OF 1881:</b>			
July 17 and August 5, 1861, (continued under Department Circular No. 42, dated April 11, 1881)			
Registered .....	\$50, \$100, \$500, \$1,000, \$5,000, \$10,000.	3½	Redeemable at the pleasure of the Government.
<b>SIXES OF 1881:</b>			
March 3, 1863, (continued under Department Circular No. 42, dated April 11, 1881)—Registered .....	\$50, \$100, \$500, \$1,000, \$6,000, \$10,000.	3½	Redeemable at the pleasure of the Government.
<b>FUNDED LOAN OF 1881:</b>			
July 14, 1870, and Jan. 20, 1871, (continued under Department Circular No. 52, dated May 12, 1881)			
Registered .....	\$50, \$100, \$500, \$1,000, \$5,000, \$10,000, \$20,000, \$50,000.	3½	Redeemable at the pleasure of the Government.

## COUPON BONDS.

Coupon bonds of the United States are payable to bearer, and

pass by delivery, without indorsement. They are convertible into registered bonds of the same loan, but the law does not authorize the conversion of registered into coupon bonds.

Coupon bonds forwarded to the Department for exchange into registered bonds should be addressed to the SECRETARY OF THE TREASURY, Division of Loans and Currency.

There is no expense attending the exchange at the Department; but when bonds are sent by express the charges must be paid by the party transmitting them.

#### FORM OF LETTER FOR CONVERSION OF COUPON BONDS INTO REGISTERED BONDS.

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, 18—.

HON. SECRETARY OF THE TREASURY,

*Washington, D. C.*

SIR: Herewith I send \$\_\_\_\_\_ U. S. coupon bonds of the act of July 14, 1870, \_\_\_\_\_ per cent. loan of \_\_\_\_\_; which please exchange into registered bonds in the name of \_\_\_\_\_.

Please send the new bonds to the subscribed address.

Mail checks for the interest to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

Very respectfully,

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

#### REGISTERED BONDS.

Registered bonds of the United States differ from coupon bonds in the following respects, namely: (1) They have inscribed or expressed upon their face the names of the parties who own them, denominated *payees*; (2) they are payable only to such payees or their assigns; and (3) the property or ownership in them can be transferred only by assignment. For the purpose of assigning them, there are forms printed on the backs of the bonds, together with directions to be followed in the execution of such assignments.

A ledger account is opened in the Department with each holder of one or more registered bonds; and in this account each bond is fully described. All recognized transfers must be made upon the loan-books in the Office of the Register of the Treasury.

#### ASSIGNMENT OF BONDS.

The directions printed on the backs of the bonds should be carefully followed in the execution of assignments, and the name of the assignee should be written plainly in the space left for that purpose. Assignments *must be dated* and properly acknowledged.

If a bond is to be divided among two or more parties, their names and the amount to each should be stated in the assignment. If only a part of a bond is assigned, a new issue for the remainder will be made to the former payee of the whole bond: *Provided, however*, That the amount assigned shall correspond with one or more of the denominations in which the bonds are issued.

Registered bonds should not be assigned in blank, as such assignment would make them payable to bearer and render them available to any holder thereof; in other words, under an assignment in blank the title to the bonds would pass by delivery.

A detached assignment should never be resorted to, except when the blank form for an assignment which is printed on the bond shall have been already used; and in this case only when there

shall not be sufficient space on the back of the bond for another assignment.

The payee should sign his name to the assignment as the name is written on the face of the bond. If the bond be issued to a firm, the assignment must be subscribed in the name of the firm by a member thereof who shall be possessed of authority to sign for the firm, of which authority the officer witnessing the signature must be satisfied; if issued to joint owners, co-trustees, executors, administrators, or guardians, each person must sign for himself; if to a corporation or company, the official character of the person executing the assignment, and the authority of such person to dispose of the bond or bonds in question, should be duly verified by vote or resolution of the board of directors of the corporation or company, certified under its seal. Where such officer is authorized by virtue of his office to execute the assignment, a certificate, under seal, of this fact and of his election to the office, and that he still holds and exercises such office, must be furnished, together with a certified copy of the charter or by-laws of such corporation or company, showing the authority claimed thereunder.

All such evidence of authority will be placed on file in the Department, and if general and permanent in its character, need not be reproduced in subsequent transactions under the same power, if proper reference be made thereto.

#### ASSIGNMENTS BY REPRESENTATIVES AND SUCCESSORS.

In case of death or successorship, the representative of the deceased person, or the successor, must furnish official evidence of such decease or successorship, and of his own appointment, authority or power. An executor or administrator may assign bonds standing in the name of the deceased person in whose stead such executor or administrator shall be acting. Where there are two or more legal representatives, all must unite in the assignment, unless by a decree of court or testamentary provision some one or more of them is or are designated and empowered to dispose of the bonds. If the bonds had been held by the deceased in the capacity of a fiduciary or trustee, a court having jurisdiction must appoint a successor, who should execute the assignment in order to secure the transfer or payment of the bonds.

An executor, administrator, trustee, guardian, or attorney, cannot assign bonds to himself, unless he be specially authorized to do so by a court possessing jurisdiction of the matter.

#### FOREIGN SUCCESSORSHIP ASSIGNMENTS.

Where a payee, at the time of his death, was a resident of a foreign country, the party claiming to direct and execute the transfer must furnish an exemplified copy of the will or other instrument conveying the requisite authority, duly certified under the hand and seal of the proper officer, attested by the certificate of a United States minister, chargé, consul, vice-consul, or commercial agent, or, if there be none such accessible (which fact shall, in such case, be certified), by that of a notary public, to the effect that such exemplified copy is executed and granted by the proper tribunal or officer, and is in due form and according to the laws of that country. The assignment should be executed as hereinbefore directed.

#### ASSIGNMENTS BY ATTORNEY.

Persons entitled to assign bonds may appoint for that purpose an attorney, who, by virtue of the authority so conferred, can exe-

cute the assignment in the same manner as provided for the constituent.

No officer of the Treasury of the United States should be selected as such attorney.

Powers of attorney authorizing the assignment of bonds should be sent, for record, to the Register of the Treasury.

#### FORM OF POWER OF ATTORNEY.

KNOW ALL MEN BY THESE PRESENTS :

That I, \_\_\_\_\_, do hereby appoint \_\_\_\_\_ my attorney to assign any and all United States bonds now standing (*or which may hereafter stand*) in my name on the books of the Treasury Department, granting to said attorney full power to appoint one or more substitutes for that purpose, hereby ratifying and confirming all that may be lawfully done by virtue hereof.

Witness my hand and seal this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 18—.

Executed before me this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 18—.

[ Official Seal. ]

NOTE.—To be verified in accordance with instructions contained under head of acknowledgments.

#### FORM OF AUTHORITY BY RESOLUTION.

At a regular meeting of the board of directors of the \_\_\_\_\_, of \_\_\_\_\_, \_\_\_\_\_, held \_\_\_\_\_, 18—, it was, on motion,

"*Resolved*, That A. B., president, and C. D., cashier, are, or either of them is, hereby authorized and empowered to assign any and all United States bonds now standing (*or which may hereafter stand*) in the name of this bank [*or institution*]."

I certify that the above is a true copy from the minutes.

\_\_\_\_\_  
Secretary of the Board.

[ Corporate Seal. ]

NOTE.—This resolution should be certified by some officer of the institution other than the one empowered to assign the bonds.

It is recommended that resolutions be adopted only at *regular* meetings. But when passed at a special meeting the certificate may be as follows :

We certify that at a *special* meeting of the board of directors of \_\_\_\_\_, duly held at \_\_\_\_\_, on the \_\_\_\_\_ day of \_\_\_\_\_, at \_\_\_\_\_ o'clock — M., 18—, the foregoing resolution was adopted, and is now in full force.

And we certify that notice was duly given, personally, to all the members of the said board of directors of the time and place of said meeting, and of the object thereof for more than \_\_\_\_\_ days prior thereto, and in time to enable all to attend said meeting ; and that at such meeting so held a quorum of all the members of said board was present and voted for the adoption of said resolution.

#### FORM OF AUTHORITY UNDER BY-LAWS.

At the annual meeting of the stockholders of the \_\_\_\_\_, of \_\_\_\_\_, \_\_\_\_\_, held \_\_\_\_\_, 18—, \_\_\_\_\_ was duly elected president, and \_\_\_\_\_ was duly elected cashier ; and as such they are jointly or severally empowered by the by-laws

(a certified copy of which is hereto annexed) to sell and assign any and all United States bonds now standing (*or which may hereafter stand*) in the name of this bank [*or institution*].

[Seal of bank *or institution*.]

\_\_\_\_\_, *Secretary.*

#### ACKNOWLEDGMENTS

Of assignments, when not made at this Department, must be made either before an Assistant Treasurer of the United States, a United States judge or district attorney, clerk of a United States Court, collector of customs or internal revenue, or president or cashier of a National bank.

A notary public is authorized to take acknowledgments only on the Pacific Railroad bonds and on the three-per-cent. bonds of 1882. The witnessing officer should append his official title and affix his seal of office, if he have one; if he have no seal of office, he should certify such to be the fact. The president or cashier of a National bank must append the title and affix the seal of the bank. The impress of the seal must in every case be made upon the bond.

#### FOREIGN ACKNOWLEDGMENTS

May be made before a United States minister, chargé, consul, vice-consul, or commercial agent. A notary public, or other competent officer, in a foreign country may take acknowledgments; but his official character and jurisdiction must be properly verified.\* The official seal, where there is one, should in all cases be affixed, as per foregoing direction; and where there is none, this fact should be made known and attested.

#### EXECUTION OF POWERS.

Powers of attorney for the transfer of bonds must be acknowledged in the presence of some of the officers authorized to take acknowledgments of assignments; and where such officer has an official seal, it must be affixed; where he has none, he should so state.

#### POWERS OF SUBSTITUTION

Must be executed and acknowledged in the same manner as powers of attorney, and should likewise follow the same general form.

#### TRANSMISSION OF BONDS.

When registered bonds are properly assigned, they should be transmitted to the Register of the Treasury for re-issue, and should be accompanied by a letter of explicit instructions, stating the amount enclosed, the loan to which the bonds belong, the denominations of the bonds desired in exchange therefor, the name and residence of each assignee and the post-office address to which it is desired the interest-checks shall be mailed.

When bonds of different loans are forwarded in one remittance a separate letter of instructions should accompany the bonds of each loan.

When coupon and registered bonds are transmitted at the same time, the former should be sent to the Secretary of the Treasury and the latter to the Register of the Treasury.

#### FORM OF LETTER TRANSMITTING REGISTERED BONDS FOR TRANSFER.

HON. REGISTER OF THE TREASURY, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, 18—.  
*Washington, D. C.*

SIR: Herewith you will receive \$— U. S. registered bonds of

\* See under head "Foreign successorship assignments."

the — per cent. loan of —, which please transfer, as per assignment, to —, of —.

Please send the new bonds to the subscribed address.

Mail checks for the interest to —, —, —.

Very respectfully,

#### NEW BONDS.

Registered bonds received for transfer are canceled, and new bonds in their stead are issued in the name of the assignee. These bear interest from the first day of the quarter or half-year (as their interest term may run) in which the transfer shall have been made. As a rule returns are made on the same day that the bonds are received, and made invariably by registered mail, unless otherwise instructed. When bonds are sent, or returned, by express, the entire expense thus incurred must be borne by the party desiring the transfer.

#### NO FEES

Will be charged by a United States minister, chargé, consul, vice-consul, or commercial agent, for witnessing and certifying an assignment of, or power to assign, bonds or collect interest thereon. No charge is made by the Department for transferring registered bonds.

#### INTEREST ON REGISTERED BONDS.

The interest on registered bonds of the existing loans falls due upon the following dates respectively:

Currency sixes, Pacific Railroad.....January 1; July 1.  
Four-and-a-half-per-cent. funded loan of 1891.....March 1; June 1; Sept. 1; Dec. 1.  
Four-per-cent. consols of 1907.....January 1; April 1; July 1; October 1.  
Three-per-cent. funded loan of 1882.....Feb. 1; May 1; Aug. 1; Nov. 1.

Interest on registered bonds of the above-described loans is paid by checks drawn at this Department. These checks will be sent by mail when the post-office address is known; when this is not known, they will be held by the Treasurer of the United States until called for by the payees thereof.

The checks are payable, when properly indorsed, on presentation at the United States Treasury or at the office of any Assistant Treasurer of the United States.

Holders of these bonds should notify the Register of the Treasury of any change in their post-office address at least fifteen days before the interest falls due; and in case of the appointment of an attorney to indorse the interest-checks, notice of this fact should likewise be given to the Register. Such holders should also transmit to the First Auditor of the Treasury all powers of attorney authorizing the indorsement of interest-checks, and advise him, specifically, at which of the offices referred to above it is desired that the interest-checks, under such powers, shall be paid.

#### CLOSING OF TRANSFER-BOOKS.

For the purpose of preparing the interest-schedules, the transfer-books are closed during the month immediately preceding the date of payment of the interest.

If bonds forwarded for transfer be not received prior to or upon the day fixed for closing the transfer books, the transfer will not be effected until after the reopening of the books; and consequently the interest for that quarter or half-year (as the interest term may be) will be declared in favor of the parties whose names appear upon the face of the old bonds, and to them the assignees must look for any interest claimed.

[TO BE COMPLETED IN THE NEXT NO.]

## FOREIGN MUNICIPAL DEBT AND TAXATION.

The State Department at Washington is furnishing a large amount of valuable information gathered by our consuls. The last volume of Consular reports contains an excellent paper on foreign municipal debt and taxation by Mr. Lothrop, Consul at Bristol, England. A portion is here given:

For the purpose of this comparison, fourteen representative English and fourteen American municipalities are selected. London is not amongst those shown, as its government is entirely *sui generis*, and affords no material for a comparison\*. The estimated population is for the year for which the statistics are given, and is arrived at by adding to the figures as given in the respective censuses of the countries a number proportioned to the increase of each city's population during the decade 1870-'80 as respects the American and 1871-'81 as respects the English municipalities.† The debts of the various cities are the net debts; that is, the sinking funds are in all cases deducted. The obligations incurred for the construction of water works, gas works, tram-lines, &c., are deducted also, so that the figures show the amounts owed for matters purely municipal. But New York is an exception to this rule, as I was unable to find the amounts of the water debt.‡ It will be seen that these fourteen American cities, taken together, owe \$41 56 for each inhabitant, while the fourteen English municipalities owe \$21 56 per capita. The former owe nearly twice as much as the latter, or, to be exact, 92.6 per cent. more. But this is not the worst. For every town added to each of these tables the comparison would be still more unfavorable to the United States, and for this reason, that there the smaller towns have the most burdensome debts, while the contrary is true of England. The gross debt, for instance, by the census of 1880, of Bath, Me., with a population of 7,874, was \$216 69 per capita; that of Portland, Me., with a population of 33,810, was \$127 84 per capita; that of Memphis (population 33,592) was \$135 58 per capita; and that of Middletown, Conn. (population 11,732), \$119 97. These are extreme cases, but the list might be indefinitely lengthened by adding communities almost as badly off. These enormous debts mean almost bankruptcy for these towns; they mean taxation for interest to an extent almost intolerable; they mean stagnation in business and prostration of energy; they mean that a reckless extravagance has dealt unfairly with the coming generation, and has left it a burden for which it received benefits entirely inadequate; and they should arouse the people to the necessity of studying the municipal finances as carefully as they do their own, and of administering them on the same principles.

These tables show that the expenses of the fourteen English

\* The population of the City of London in 1881 was 50,652. Its expenses in 1882 were £302,044 (\$3,897,934). The population of London within the limits of the metropolis local management act, in the same year, was 3,834,354. The amount expended by the metropolitan board of works in 1882 was, including loans repaid, about £4,000,000 (\$19,440,000).

† The population of Manchester, it will be noted, has not increased, owing to the fact that a large number of its people live in the neighboring and rapidly increasing town of Salford.

‡ Baltimore also has no deduction made in these tables for water. If the deduction were made, its sinking fund is in excess of its debt.



municipalities were per year \$4 96 for each inhabitant. This does not include expenditures for public buildings or for other exceptional matters on capital account, nor does it include the amounts repaid on loans. Nor does it include the amounts assessed on the people for the poor; but it is evident that to make the comparison accurate this should be brought in, inasmuch as the expenses for almshouses and charity are necessarily a part of the expenditure of the American cities. The amount levied as poor rate during the year ending March 25, 1882, was \$2 56 per head in England and Wales, and though it is more than this in the towns (and less in the country districts), it approximates what we must add to the \$4 96, making in all \$7 52. Against this we have the expense of thirteen American cities (Milwaukee being omitted) as \$16 34 per capita—more than twice as much, or, to be exact, 117 per cent. more. But this is not all; for the principle of special assessments, though practiced somewhat in England, is nowhere carried so far as in the generality of American towns. Therefore, the \$7 52 given above includes the cost of various matters that do not appear in the American reports at all, being charged to private individuals and very much increasing the annual per capita charge. The enormous difference in the cost of governing cities in the two countries carries its own moral. The taxation per capita is in the English municipalities \$3 69; in the American, \$14 18. It is 49 per cent. of the expenses in the former and 86.7 in the latter. This discrepancy may be accounted for by the large productive properties owned by many English towns, which, of course, pay a considerable portion of the expenses;\* and, besides, the general government pays everywhere one-half the cost of the clothing of the police and one-half their wages and salaries. In some instances, too, I have found it impossible to discover whether the taxation as given in the various American reports did not include State and county levies. In the case of Brooklyn, there is included \$1,242,476 for county purposes; the expenses of New Orleans also include certain sums for the repayment of debt. On account of this impossibility of segregating in some cases the State and county levies, I claim for this column only an approximate, and not an absolute, accuracy. In the same way the taxation per \$1,000 value includes in the cases of Brooklyn and Baltimore the State and county levies. It is impossible to make an accurate comparison of the rate per \$1,000 value in the two countries, the one levying on income, the other on capital.

The police force costs the American cities more than twice per capita what it does the English; but the difference is mainly in salaries. It is surprising what good men they get at the low figures given; but their tenure of office is permanent, and they are supplied with a pension on retirement out of a superannuation fund maintained in each city. The most expensive English fire department is that of Manchester, which costs each of its inhabitants 11 cents per year; the most costly American brigade is that of New York, which costs each inhabitant \$1 22, or eleven times as much. The cheapest English department is that of Leeds, 2 cents per head; the cheapest American that of Baltimore, 52 cents, or twenty-six times as much. A great part of this vast difference is due to different conditions. The moist climate of England and

\* Against this, however, many American towns derive a considerable revenue from licenses, &c., which in England are entirely reserved for the Imperial Government.

the absence of wood in buildings necessitate far less expensive preparations for fighting fire than in the United States.

Table showing the population, debt, annual expenses, &c., of fourteen representative cities of the United States:

## POPULATION AND DEBT.

<i>Name of City.</i>	<i>Population, Census of 1880.</i>	<i>Estimated Population.</i>	<i>Debt (funded).</i>	<i>Debt per Capita.</i>
New York.....	1,206,299	1,290,700	\$92,960,316	\$72 02
Philadelphia.....	847,170	890,457	27,427,387	30 12
Brooklyn.....	566,663	628,300	21,477,629	34 18
Chicago.....	503,185	554,237	8,797,000	15 89
Boston.....	362,839	394,917	14,991,016	37 96
Baltimore.....	332,313	355,050	5,582,652	15 72
Cincinnati.....	255,139	264,864	22,315,308	84 25
San Francisco.....	233,959	259,304	2,104,657	8 11
New Orleans.....	216,090	227,192	16,102,825	75 28
Pittsburgh.....	156,389	173,967	8,885,407	51 08
Newark.....	136,508	147,515	4,771,643	32 34
Louisville.....	123,758	129,509	2,102,739	16 38
Milwaukee.....	115,587	131,038	786,500	6 00
Providence.....	104,857	116,557	2,851,058	24 46
.....	.....	5,563,607	\$231,156,137	\$41 56

## EXPENSES AND TAXATION.

<i>Name of City.</i>	<i>Yearly Expense.</i>	<i>Expense. per Capita.</i>	<i>Yearly Taxation.</i>	<i>Taxation per \$1,000 Value.</i>	<i>Capita.</i>
New York.....	\$30,926,555	\$23 96	\$29,240,778	\$18 09	\$22 65
Philadelphia.....	11,274,453	12 66	10,386,872	19 00	11 66
Brooklyn.....	8,682,712	15 33	6,875,251	26 00	10 94
Chicago.....	5,444,895	9 82	3,990,333	20 00	7 20
Boston.....	12,266,361	31 06	9,268,122	15 00	23 47
Baltimore.....	4,256,755	11 98	3,878,804	15 00	10 92
Cincinnati.....	3,160,552	11 93	2,504,791	23 82	9 45
San Francisco.....	3,703,762	14 28	2,544,827	12 00	18 00
New Orleans.....	*2,545,663	11 20	2,292,576	20 00	10 09
Pittsburgh.....	2,508,522	14 42	2,409,493	.....	13 85
Newark.....	1,217,234	8 25	1,219,430	13 80	8 26
Louisville.....	1,149,941	8 88	1,399,275	23 50	10 80
Milwaukee.....	.....	.....	1,192,537	17 50	9 10
Providence.....	1,651,565	14 17	1,725,500	12 80	14 80
.....	\$88,788,970	\$16 34	\$78,928,589	.....	\$14 18

\* The official estimate.

Table showing the population, debt, annual expenses, &c., of fourteen representative cities in England:

## POPULATION AND DEBT.

<i>Name of City.</i>	<i>Population. Census of 1881.</i>	<i>Estimated Population.</i>	<i>Debt (funded).</i>	<i>Debt per Capita.</i>
Liverpool.....	552,425	568,922	\$12,979,671	\$22 81
Birmingham.....	400,757	417,386	14,499,086	34 74
Manchester.....	341,508	341,508	12,938,651	37 59
Leeds.....	309,126	323,964	7,651,318	23 61
Sheffield.....	284,410	297,549	3,068,361	10 31
Bristol.....	206,503	213,214	2,874,364	13 47
Nottingham.....	186,656	196,239	4,272,538	21 77
Bradford.....	183,032	192,134	4,879,450	25 39
Hull.....	154,250	181,500	2,821,823	15 55
Brighton.....	128,425	133,357	1,316,963	9 87
Leicester.....	122,351	130,000	428,475	3 29
Sunderland.....	116,262	121,610	1,477,940	12 15
Oldham.....	111,343	119,071	1,299,625	10 91
Cardiff.....	85,378	89,637	1,214,572	13 55
.....	3,182,426	3,326,141	\$71,722,857	\$21 56

## EXPENSES AND TAXATION.

Name of City.	Expenses.	Expenses per Capita.	Taxation.	Taxation	
				per Capita.	per \$1,000 Yearly Value.
Liverpool.....	\$3,149,717	.. \$ 5 53½	.. \$2,987,714	.. \$ 5 25	.. \$21 14
Birmingham.....	2,135,294	.. 5 12½	.. 1,461,495	.. 3 50	.. 21 66
Manchester.....	2,142,788	.. 6 27	.. 1,603,600	.. 4 69½	.. 15 62
Leeds.....	1,890,700	.. 5 83½	.. 1,279,890	.. 3 95	.. 25 00
Sheffield.....	1,084,630	.. 3 64½	.. 899,231	.. 3 02	.. 20 62
Bristol.....	1,043,280	.. 4 89	.. 733,612	.. 3 44	.. 20 40
Nottingham.....	1,178,565	.. 6 00½	.. 687,150	.. 3 50	.. 19 79
Bradford.....	828,392	.. 4 31	.. 549,710	.. 2 86	.. 17 08
Hull.....	676,823	.. 3 66	.. 428,729	.. 2 36	.. 17 08
Brighton.....	584,148	.. 4 30	.. 443,552	.. 3 32½	.. 13 02
Leicester.....	704,150	.. 5 41½	.. 418,475	.. 3 22	.. 14 75
Sunderland.....	385,855	.. 3 17	.. 215,314	.. 1 77	.. 16 25
Oldham.....	371,216	.. 3 12	.. 323,102	.. 2 71	.. 10 00
Cardiff.....	315,025	.. 3 51½	.. 229,294	.. 2 55½	.. 11 66
	\$16,490,582	.. \$ 4 96	.. \$12,260,868	.. \$ 3 69	.. —

## THE PROFITS ON THROUGH TRUNK-LINE FREIGHT.

The through freight traffic of the Cleveland, Columbus, Cincinnati & Indianapolis Railway last year was carried at an average rate of 0.525 cent per ton per mile, and the east-bound through freight at 0.495 cent—rates unknown elsewhere in the world, and utterly inadequate to the earning of interest on the cost of the cheapest railroad. This traffic forms nearly four-fifths of the freight traffic of this railroad, and nearly two-thirds of its traffic of all kinds, but it yielded last year only 47 per cent. of its gross earnings. Of course, it is not possible to ascertain closely the cost of the through and local freight separately. The average expense per ton per mile of the whole was 0.516 cent.; the average haul was but twice as great for through as for local freight (203.5 against 106.2 miles), and it therefore seems reasonable to suppose that the average cost of the local may have been as low as two-thirds cent per ton per mile, which is 65½ per cent. of the average rate received for local freight (1.018 cent). If so, \$1,469,000 of the total reported freight expenses were due to the through freight, making the average expense per ton per mile of this freight 0.474 cent, and the profit 0.051 cent, amounting to \$158,000 for the whole. What this means is, that in order to earn *one cent* toward paying interest on the cost of its railroad, this company last year had to haul a ton of through freight 20 miles; to earn a dollar it had to haul a ton nearly 2,000 miles!

Does anyone believe this a rational or healthful condition of things, and should not railroad managers everywhere be encouraged and assisted to make efforts to remedy it? The public, perhaps, can look with indifference on the immediate result on this particular road, for the whole cost of this ridiculously cheap transportation so far has fallen on those unfortunate persons who have invested their money in this railroad; but the most indifferent public will certainly not object to measures which will tend to increase the profits on this business, and make them more nearly equal to the small profits obtained on the local business, so long as only a

reasonable profit is secured on the whole business. The road's construction account is the moderate amount of \$50,200 per mile, but no return whatever could be made on more than half of its capital last year, and the aggregate dividends paid on about \$15,000,000 of stock for ten years amount but to \$1,425,000.

While the patrons of this road have no reason to complain of the local rates they pay, the contrast between what the local freight and what the through freight contributes toward paying interest on the cost of the road is striking. The 310 million ton-miles of through freight, we have seen, contributed \$158,000, and the 87 millions of local freight paid \$308,000. And 42 million passenger-miles, which is about equivalent to local traffic, yielded \$377,632 of profit. The passenger traffic and the local freight traffic together, which formed about 36 per cent. of the total traffic, yielded about 81 per cent. of the net earnings. Well may Mr. Devereux say in his report that "the board has dwelt upon and thus emphasized the question of just freight rates as the one thing vitally affecting your corporate investments." To secure a reasonable price for carrying through freight is the great problem which railroad managers have to meet. If they cannot solve it, many hundreds of millions that have been invested in railroads must continue to go without interest. High rates for this traffic cannot be secured, and if they could be they would add to profits during but a very short time, for more lines would soon enter the field and divide the traffic; but the difficulty now is to get any profit. If the Cleveland road made only \$158,000 on all its through freight last year, including some which yielded one and a-half cent per ton per mile, and with the lowest rates varying from one-quarter to one-half cent at different times of the year, how much did it make in the three months from March 21 to June 21, on the grain and flour carried then which yielded it probably not more than a-quarter cent gross per ton per mile? Doubtless a vast amount of the through freight last year yielded it no profit whatever. Very few railroads have as low working expenses as this one, and there is probably not one of the carriers of through trunk-line freight of which the same cannot be said—that they carry a large part of the traffic entirely without profit, and that the chief burden of supporting the roads, when they are supported, falls on the local traffic. Those of them which make fair returns now (if there are any) might considerably reduce their passenger or local freight rates if they could secure a reasonable price for carrying through freight.

We do not believe that this condition of things can last, in which one-third of the traffic of a railroad pays four-fifths of the interest on the investment, because through rates have been reduced so low as to leave next to no profit on the greater part of the business. The whole tendency of unrestricted competition, however, tends to this. One result, of course, is that the railroad companies resist any reduction of local rates where it is possible to control them. Some of them may sometimes have so much local business that they may make fair returns by maintaining high rates on it. Unfortunately for them, most of the railroads have no such sufficient resource. If they had, the public would complain, as it does now, that nearly all the profit was made by a portion of the traffic, the growth of which, perhaps, is hindered by the unprofitable through rates.—*Railroad Gazette*.

## ADVANCES ON CONSIGNMENTS.

Congress will be asked at the next session to consider one or two bills which will clearly define the rights of holders of bills of lading, and provide better security for moneys advanced on goods in transit or in warehouse. This subject has been discussed very often during the past four years by the National Board of Trade and other individual commercial organizations in the interior of the country. At the December (1882) meeting of the National Board, Captain Snow, of New York, introduced a resolution favoring the passage of a law by Congress which would effectually deal with the question of advances on merchandise. Speaking in the capacity of a banker, Mr. Snow commented at some length upon the hazardous practice of advancing moneys upon goods in bond and from the interior, without proper and adequate provision against loss. There was a law on the statute books of the State of New York, and a similar one for Rhode Island, but he wished to have either these or a better law made applicable to the whole country. In reviewing English legislation on the subject, Mr. Snow avowed that the common law of that country was often so productive of hardship to persons making advances on goods, that in 1825 an Act was passed by the British Parliament declaring that the persons in whose name the goods were shipped should be deemed the owners, so as to entitle the consignee to a lien for all moneys due to him from the consignor, unless he knew that the consignor was not the real owner. Every agent or factor who was entrusted with the possession of goods for sale, or as security for advances, or with the bill of lading or Custom-house permit or warehouse-keeper's receipt, was to be deemed the owner, so far as to render valid any contract for the sale or disposition thereof for money advanced or responsibility assumed upon the faith thereof. The real owner might have his goods upon repayment of the moneys advanced, and on satisfying the lien of the agent.

The New York and Rhode Island laws are somewhat similar to this, and were adopted in 1830. It is claimed that this protection is not only needed for the lender, but also to enable that large class of people who receive goods on consignment to procure money on favorable terms, thus facilitating and at the same time rendering it easy and safe to handle the immense volume of goods which goes to large cities. It has been suggested that the operation of such a law might conflict with State legislation, but it is pointed out that Congress has the power to regulate commerce and that the operation of a general law would tend to the advantage of all. Still, merchants are divided in opinion on this point, though the subject has been under discussion for years. In regard to the New York Factors' Act, Mr. McLaren, of Milwaukee, contended at one of the meetings of the National Board, held in Washington, that the law of this State was already unconstitutional, and that it was impossible for any State to carry such a law into effect. In support of his argument, he said:

"I shipped a cargo of wheat to Oswego. That cargo was advanced upon by, and consigned in the name of, a bank at Milwaukee, and became its property fully and truly. The property went into a ware-

house in Oswego, subject to the order of the bank. The owner of the warehouse took the property, put it into canal boats, shipped it to New York, got advances on it from parties in New York, and they held the bill of lading, which was a *bona-fide* bill of lading, coming into their possession in a legal manner. The parties in New York did not know that their consignor was not the real owner. When the case was tried in the State of New York, the State Courts, in spite of the Factors' Act, gave a decision in favor of the bank in Milwaukee; and when it came to the Supreme Court of the United States, on appeal, that court sustained the judgment of the court below, and said, in substance, that no State could enact that property belonging, for instance, to the Bank of Milwaukee, the title of which it had never parted with, could be diverted from it."

Subsequent to this meeting, the proposed remedy has taken very practical shape. Mr. Simon Sterne, an able lawyer and a member of the New York Board of Trade, has drafted a bill which is already in Congress, and which will receive the consideration of that body at an early date. The bill contains six sections, and has been favorably received by the several commercial and financial organizations of the country. Its first and fourth sections run as follows:

"SECTION 1. That any common carrier, whose business it is to convey, or accept for forwarding by rail, sea, lake, river or canal, or partly by rail and partly by sea, lake, river or canal, any goods, wares and merchandise from one State or Territory of the United States into another State or Territory of the United States, shall, in the event of non-delivery, be liable to pay the value of the goods designated upon any bill of lading issued by any agent of such common carrier authorized to receive goods and sign bills of lading therefor, although such goods may not actually have been shipped as represented in said bills of lading, unless such common carrier at the point of destination of such goods has an authorized agent or agents designated in the bill of lading itself, to whom such bills of lading may be presented for acceptance or rejection."

"SECTION 4. Whenever any bill of lading representing goods, wares and merchandise which have been shipped from a foreign State to any point in the United States, or from any point in the United States to a foreign port or place, or from one State or Territory to another State or Territory, shall, by indorsement thereon, have been transferred for value and in good faith by the vendee, consignee, factor, or agent to whom such goods and bill of lading are sent, the right of stoppage in transitu, on the part of the vendor of such goods, shall, on such transfer of the bill of lading, thereupon cease and determine; but such vendor shall be entitled to receive from the holder of such bill of lading and goods and merchandise, if the proceeds of such goods is in excess of the advances made by such holder, the amount of such excess."

Accompanying a bill on the same subject, introduced by Lieut.-Governor Dorsheimer, was a report of the Judiciary Committee of the House of Representatives, and in it the following reasons for the passage of the bill were thus given:

"The proposed Act has been made necessary by a late decision of United States Supreme Court. In the case of *Pollard v. Vinton*, reported in the United States Supreme Court Reports, vol. 105, p. 7. In that case the question was presented whether a bill of lading was conclusive evidence in the hands of a *bona-fide* holder of the delivery to the carrier, by whom the bill of lading was issued, of

the property therein described. The Court held that it was not conclusive evidence of such delivery, and that no goods having been received by the carrier, the bill of lading was void, even in the hands of a transferee in good faith and for value. The Committee are of opinion that the system under which the transportation business of the country is done requires that bills of lading held by *bona-fide* holders for value should be binding upon those who issue them. The usual course of business is to make bills of lading the security upon which loans are made. They are used as collateral to drafts, and are evidence of the transfer to the party making the loan of the property described in the bill of lading. This system has been established by the legislation and the judicial decisions of many States, and under it vast commercial transactions have been conducted. The Committee are of opinion that these transactions cannot be safely conducted unless bills of lading are given the character proposed by this bill. The Committee do not impugn the decision of the Supreme Court upon the law as it stands, but they think that a different rule will conduce to the regularity and security of commerce."

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### RATES OF COMMISSION.

The last rates for transacting the commission business in New York were adopted by the New York Chamber of Commerce in 1857. Since then the methods of transacting business have radically changed. Branches of business have been less separate and distinctive. Commissions are now divided and cut in such a manner that in banking, general business and shipping, no agreement as to earnings has been observed for years. A quarter of a century ago, however, there was almost a strict understanding in regard to profits, and the allowances were generally regarded as fair and equitable. Take banking, for instance: On purchase of stocks, bonds, and all kinds of securities, including the drawing of bills for payment of same, one per cent. was charged; on the sale of these, including remittances in bills and guarantee, one per cent. was charged; on the purchase or sale of specie and bullion, half of one per cent.; remittances in bills of exchange, half of one per cent.; remittances in bills of exchange, with guarantee, one per cent.; drawing or indorsing bills of exchange, one per cent.; collecting dividends on stock, bonds, or other securities, half of one per cent.; collecting interest on bonds and mortgages, one per cent.; receiving and paying moneys on which no other commission is received, half of one per cent.; procuring acceptance of bills of exchange payable in foreign countries, quarter of one per cent.; on issuing letters of credit to travelers, exclusive of foreign bankers' charge, one per cent.; and where bills of exchange were remitted for collection, and returned under protest for non-acceptance or non-payment, the same commissions were charged as though they were duly accepted and paid.

Though one or two of these rates are still in force, the banking commissions have undergone a great change. Competition is keener, profits are less, money and the facilities for forwarding it in suitable and convenient form are abundant, and though, perhaps,

there is greater uniformity among banking methods than in many professions and businesses, there is, nevertheless, the same tendency to depart from old time observances.

So, too, is it with shipping, though to a more remarkable extent. Twenty years ago the rate on the purchase or sale of vessels was two and a-half per cent.; on disbursements and outfit of vessels, two and a-half per cent.; for procuring freight and passengers for Europe, East Indies, and domestic ports, two and a-half; for procuring freight and passengers for West Indies, South America, and other places, five; the same labor for foreign vessels, in all cases, five; collecting freight was two and a-half; collecting insurance losses of all kinds, two and a-half; chartering vessels on amount of freight, actual or estimated, to be considered as due when the charter parties were signed, two and a-half. But no charter was considered binding till a memorandum or one of the copies of the charter had been signed. On giving bonds for vessels under attachment in litigated cases, on amount of liability, two and a-half per cent. was charged. Nearly all of these charges have changed. Freight rates are low, there is a superabundance of tonnage, competition for every class of cargo is sharper than ever, profits are divided, and, in order to make a few dollars, precedence and custom are cast to the winds. A broker, agent and vessel-owner very often lose their individuality, as it were, in the making of bargains. Nor is this divergence from the old rates less noticeable in the present unequal commissions on general business. The last schedules show that on sales of sugar, coffee, tea, and general merchandise, usually sold in large quantities, and on credit under six months, or for cash, five per cent. was charged. On sales of manufactured goods, and other articles usually sold on long credits, for commissions or guarantee, seven and a-half; for cash, five per cent.; and on purchase and shipment of merchandise with funds in hand, on cost and charges, two and a-half. Five per cent. was charged for collecting delayed and litigated accounts. For effecting marine insurance, on amount insured, half of one per cent., though no charge was made for effecting insurance on property consigned. Landing and reshipping of goods from vessels in distress, on value of invoice, two and a-half per cent. was charged, and for landing and reshipping of goods from vessels in distress, on specie and bullion, half of one per cent.

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#### THE ITALIAN CORAL TRADE.

The present position of the coral trade of Italy is described as the reverse of prosperous. In 1880 a coral bank, several kilometers in length, was discovered near the island of Sciacca, on the coast of Sicily, and the yield of raw material has ever since been far in excess of the demand. Many of the dealers have made large purchases, in the hope of exhausting the supply, but their efforts proved abortive, and the reef is even now very far from being used up. Values have gone down to such an extent that the price of the finished article is at present said to be actually below the cost of labor employed in producing it. On the other hand, if the depreciation has been disastrous, it has unquestionably been the means of opening up an extensive trade with Africa. The natives, who formerly bought glass beads of Venetian and German manufacture, now purchase coral ornaments, and it may be safely predicted that when prices return to their normal level, a large portion of these new consumers will be retained.



## ENGLISH BANKING PRACTICE.

[CONTINUED FROM THE AUGUST NUMBER.]

## FOREIGN BILLS.

Here we only propose to deal with bills payable out of the United Kingdom which are usually sold through exchange brokers in London, and should be in their hands on Tuesdays or Thursdays, those being the days on which the official market is held. The proceeds of the bills are paid on the following day.

A vocabulary of foreign words used in bills of exchange will be found in the *Banker's Almanac*.

Several points in which foreign customs differ from our practice may be noticed.

Crossed checks and drafts are unknown abroad, and the crossing of them might actually prejudice their payment.\* Bills upon Germany, Austria, Italy, Switzerland and Russia must bear the words "bill of exchange" upon them or they are not looked upon as bills, and acceptance of them cannot be demanded. Bills on India with shipping documents attached if to be sold in London (not sent out for collection), should be accompanied by a receipt for freight. The full set of bills of lading and insurance policy should accompany every documentary bill sent for sale, and they should be to the order of the shipper, and indorsed in blank, never made out to the order of the drawee of the bill. All foreign bills above £50 in value should be drawn in sets of at least two, in order that one may be sent forward immediately for acceptance, whilst the other, having a reference upon it to the person who will hold the accepted first, may be negotiated as seems most advantageous.

All bills upon Portugal, Spain, or India, whatever their value, should be always in sets of two at least. Sometimes a second of exchange is not obtainable, in which case a literal copy of the bill should be drawn out, with all the indorsements except that of the holder. This duplicate should be marked "Copy" on the face, and at back below the last indorsement copied "So far copy" should be written, and then the customer should indorse both bill and copy, as also should his banker when sending them for sale. In sets of bills on Germany and Russia one of the set should not be indorsed at all, as to which see "Stamps" (*seq.*)

*Date.*—Checks on France must have the date written fully in words, not in figures, thus, Eighteenth February, 1885, and then they pay a stamp duty of only 20 centimes (reduced to 10 cents, for those drawn and payable in the same place), instead of the *ad valorem* stamp. Checks drawn in Belgium, if payable in the town where drawn, must be presented for payment within three days from their date or the indorsers are discharged; if payable elsewhere six days are allowed. In France the currency of a check is five or eight days, according as it is payable where issued or elsewhere.

Bills drawn in Russia and some other Eastern parts are often

\*In France a red check, called "mandat rouge," acts as a crossed check between customers of the Bank of France, being a transfer from one account to the other.

dated according to the old style, which is twelve days behind the Gregorian calendar we use. To arrive therefore at the due date we must add twelve days to the apparent date of *issue* and calculate the maturity accordingly. Very conveniently the date is often given in both styles, thus—"16/28 Feb."

*Currency.*—Bills having over three months to run are not readily sold on the Exchange. Bills on Germany, France, Italy, Denmark, Sweden and Norway carry no days of grace. [But see Messrs. Montagu & Co.'s note at end of this article.]

*Amount.*—It is desirable to insert in all foreign bills "value in account," "value in goods," etc., and bills on Spain and Portugal should have also "payable in gold or silver, and not in any paper." Bills on the United States should be drawn payable in gold. Sometimes Spanish bills are drawn in pesetas and reals vellon and these, of course, must be paid in coin. If bills are drawn in sterling, the clause "exchange as per indorsement in London," should be inserted in the body of the bill. By this means the loss in exchange and interest fall on the foreign drawee, and the holder here will obtain the full amount of his bill, less brokerage only.

*Acceptance.*—The French, Spanish, Russian and Swedish codes require the equivalent word for "accepted" as part of an acceptance. In Germany and France, acceptance is allowed for a portion of the bill, the balance being protested for. If a foreign bill is refused acceptance, it is protested and notification given to prior parties, who may be required to give security for the bill being paid at maturity, but the bill itself is not returned until dishonored by non-payment. What we term *supra* protest is, in France, termed "par intervention." Acceptance is not obtained of bills having less than ten days to run when they arrive in London for sale.

*Indorsements.*—French checks may be to bearer, but all foreign bills should be to order, except Italian, which may be as here, "To Mr.——." All indorsements should be special and bear the words "value in account" (or in goods, etc.), and the date and place of indorsement. The words "*retour sans protêt*" or "*sans frais*," indicate that the indorser does not wish expense to be incurred in case of any irregularity, but they should be repeated with every indorsement if still intended to be operative, and such bills are not so readily dealt with, as bankers will not trouble with them and in many countries, *e. g.*, Italy, Germany, the clause is not obligatory.

"Sans recours," written by an indorsement, disclaims liability in case of non-payment, but probably, as in England, it would be no protection in case of a prior forgery. In Germany an indorser may limit the time for which he will be liable on his indorsement by adding thereto words to that effect. Where there is no further room on a bill for fresh indorsements a slip, called an "allonge," is attached to it on which they can be written; the first indorsement on the allonge should be so connected with the real bill as to show that the two papers appertain the one to the other.

*Stamps.*—All bills negotiated here must conform to our stamp laws, and should also conform to the laws of the countries in which any of the parties thereto are domiciled. Bills on France, Belgium, Holland, Italy, Austria, Spain and Portugal, must be stamped on acceptance, so must bills drawn on but payable out of Germany. Bills payable in Germany and Russia require stamping as soon as they are put into circulation there, but not while they are only

sent for acceptance, one, therefore, of the set should not be indorsed at all but crossed on the back, to prevent indorsement, and headed on the face, "Nor zum accept bestimmt" (only for acceptance.) Some countries are particular as to the place on the bill on which the stamp should be placed, but on this point, and as to the proper value of the stamp to be affixed, your broker will guide you.

*The Course of Exchange* indicates the quotations current for foreign bills, the better quotation is that for fine banker's bills, the worse, that for fair mercantile bills. In most cases the rate is quoted in the amount of foreign money given for a sovereign, thus the Paris Exchange (short) may be quoted 25.32½, which means that the purchaser of a bill on Paris obtains 25 francs 32½ cents for every sovereign he pays here. It is clear that the more francs he can get in Paris for the pound he pays here the more favorable is the exchange to this country. Russian, Spanish, Portuguese, Indian, Chinese and American exchanges are quoted in pence for their standard coin [rouble (paper), peso duro, milreis (in gold or silver), rupee, tael, dollar, respectively], and in these cases it is equally clear that the most favorable rate here is the one where the fewest pence here purchase the most of the currency in which the bill is payable. In some cases the rate of exchange given is for drafts on demand, but in most it is for drafts having three months to run. If, then, a bill has only two months to run, payable in Paris, say, the rate of exchange might be arrived at either by adding two months' interest at the rate current in Paris to the short exchange, plus a consideration for risk and stamp, or by taking the three months' rate and deducting therefrom a month's interest. If the bill were on New York, say, or any other country for which the exchange is quoted in pence, the reverse transaction would be required, instead of adding to the short rate we should deduct, and instead of deducting from the long, or three months' rate, the interest should be added. If a rate is thus constructed for a bill at a currency not corresponding with the customary term, it is termed a "tel quel" rate. Sometimes instead of making such a rate the bill is sold at the customary course of exchange and interest for the difference in currency allowed or charged as the case may be.

The following tables by Mr. Seyd will assist us in readily understanding from the Course of Exchange whether the exchanges tend in our favor or against us:

	Gold comes to London.		Par of Exchange.		Gold leaves London.
Paris (short).....	fc. 25.32½	....	25.22½	....	25.12½
Berlin.....	Mk. 20.53	....	20.43	....	20.33
New York (short).....	\$ 4.890	....	4.867	....	4.827

*Stamps.*—It is only necessary in the case of Russian bills that there should be no indorsements on the copy destined for acceptance only. On a German bill there may be indorsements, and the crossing would commence from the last indorsement made abroad (*i. e.*, out of Germany).

The 10-cent duty on a French check drawn and payable in the same place *must be impressed*, while the additional duty of 10 cents for a check drawn in one place and payable in another (*e. g.*, in

Marseilles on Paris) *may* be, and the whole 20 cents on a check drawn abroad, are necessarily, denoted by adhesive stamps.

Holland has a uniform duty of 5 cents for all bills payable *out* of the kingdom.

Bills passing through France, &c., by way of indorsement, are subjected to a special tariff (usually half the ordinary rates) but Germany passes such bills free of duty.

In most countries if one of a set is stamped the others are exempt. However, in Austria (except for bills drawn there on abroad, when the first may be issued, unindorsed and crossed, without stamp for "acceptance only"), all the copies in circulation must bear full duty. Bills drawn and payable out of Austria pay a smaller tax. In Italy the accepted bill is stamped "ad valorem," and copies bear a uniform stamp of £1.20. Both these places subject bills of over six months' currency to higher duties.

*Protests* are usually levied on the day following the maturity. Many places allow two working days for taking out protest. In France a protest levied on the day of maturity itself would not be legal.

*Bills falling due* on Sunday are payable, in most Continental places, on the Monday, but France, and one or two others, adopt our custom in this matter.

*Days of Grace.*—In Russia there are ten days of grace on accepted bills. No allowance is made on unaccepted bills, and it is optional with the acceptors to take advantage of the grace. Firms of the highest standing do not avail themselves of it.

Many foreign "Bill Acts" have the clause "there are no days of grace here," but for the following reasons this seems hardly exact: In Holland and Belgium protests are levied *two* days after the maturity. Indeed so far are these two days accounted "days of grace" in the former country, that it is the custom to charge two extra days on discounts (as though the bills fell due two days after the actual maturity).

Again, in Germany, Italy, and elsewhere, the protests *may* be taken out within two working days of maturity.

While such option is given to the holders of bills it appears scarcely correct to say there are absolutely no days of grace in those countries.

#### LETTERS OF CREDIT (DELEGATES OR MANDATES, MARGINAL CREDITS), CIRCULAR NOTES, DRAFTS ON ABROAD, &c., &c.

A letter of credit (otherwise called a delegation or mandate) is a document authorizing the addressee to hold a given sum at the disposal of the payee, or authorizing the addressee to draw upon the grantor for a certain amount. In the latter case it is usual to stipulate that the drafts are to be drawn at certain currencies and before a certain date, and the grantor undertakes to honor such drafts on proper presentation. Sometimes stipulations are added that securities or shipping documents are to accompany the drafts, and in all cases it is required that any drafts against the credits are to be indorsed on the original letter of credit.

If a credit of the first character is required it is desirable to furnish the grantor with two specimen signatures of the person who is to receive the money, which can be sent to the addressee to enable him the better to identify the payee on his application.

If credits of the second class are issued, these specimen signatures are equally desirable to enable the issuer to verify the drafts

drawn under the credit when they come forward. They should also be furnished, where possible, when drafts payable abroad are required in favor of persons non-resident at the place of payment.

*Marginal Letters of Credit* are similar in form to ordinary letters of credit, but the authority to draw, and the undertaking to accept, with all conditions, is on the margin of the bill form upon which the draft is to be drawn. The issuer is bound to accept any draft drawn in proper form, according to the expressed conditions of the credit, irrespective of any private understandings between himself and the grantee, and even though the grantee may have failed after he has drawn the draft, but before it has been presented to the issuer of the credit.

Before any repayment is made of the unused portion of a credit the original letter must be restored to the issuer, or if a credit or draft has been issued in duplicate both parts must be so returned. If a correspondent, instead of issuing a letter of credit, writes to a banker establishing a credit, the banker should advise the person in whose favor it is opened of the amount and conditions of the credit.

*Delegations*, or mandates, from abroad, if on demand, require a penny revenue stamp; if not payable on demand and indorsed, they must bear the *ad valorem* stamp, and carry three days' grace.

*Circular Notes* are practically credits issued by the issuers on their own special form, and referring to a letter of indication addressed to their agents generally. This letter bears the signature of the person to whom it is issued, as well as that of the grantors, who request their correspondents to cash these credits to the grantee on his signature being given to the order indorsed thereupon. The number and amount of the notes are usually stated on the letter of indication. If these circular notes are required, the issuers should be furnished with two specimens of the signature of the person in whose favor they are to be issued, and the amount of the notes required should at once be paid to the issuers. Should it become necessary to recover the value of any notes not used, they should be signed at back by the grantee before being sent up for repayment.

If circular notes or letters of credit are tendered for encashment, having first made sure of the authenticity of the letter of indication or of credit, the banker will then verify the signature of the presenter as that of the person authorized by the issuers to receive the money, and to the better protect himself, it is desirable to insist that all such signatures shall be actually signed in his own presence, and not tendered in a completed stage, as a forgery cannot then so readily be perpetrated without detection. If the payment is made under a letter of credit, the banker must see that in addition to the credit being genuine it is still available and not out of date, that the amount for which it is issued has not been tampered with, that the amounts of the payments already indorsed upon it show no signs of having been altered, and that their total, with that applied for in addition, do not exceed the amount for which the credit is issued. He must then see that the draft against which he is going to make the payment conforms exactly with the instructions on the credit, and especially that it refers to the number and date of the credit; and the name of its issuers if the draft is to be drawn upon a third firm for account of the issuers. The draft being in order, the amount of it should be in-

dorsed on the credit in words as well as figures before paying the money to the applicant. If the banker himself recoups for his trouble by deducting a commission and any demur is made, an explanation that it is the mode in which he makes a rate of exchange on the place where the draft is payable will usually be accepted as satisfactory.

The bearer of circular notes should be careful to keep his notes and his letter of indication apart, for if through his carelessness in this respect the documents are stolen and the notes cashed, he will probably be debarred from recovering his loss from the issuers.

*"Marginal Receipts."*—These are receipts given for the balance of documentary bills which is not paid over to the seller of the bills until advice of payment has been received. If deposited with a third party as security, notice should be given to the issuer of the pledge, and then he will have no lien upon them for any fresh liabilities contracted with him by the original owner after receipt of the notice.

#### CREDITS IN ACCOUNT.

When bankers receive anything for credit of an account, they are bound to appropriate it strictly in conformity with the instructions given at the time it is paid to them, whatever may be the position of affairs between them and the person to whose account the money is paid. Once having received an amount for the credit of a third party the bankers should on no account permit the transaction to be revoked, if they have in any way informed the person to whose credit it has gone, of its receipt, or if they have once issued any form of receipt for it, because though the receipt may be returned to them it may in the interval have been exhibited to their customer, and on the strength thereof he may have altered his position with the payer. These receipts if they *only* mention the name of the person to whom the money is to be accounted for (*i. e.*, the banker's customer) require no revenue stamp. Should bankers receive anything but legal tender for the credit of a customer from a third party they should in advising their client, describe the items of the credit, as "Local Notes," "Checks not yet cleared," "Country Checks not yet cleared," "Bankers' drafts due on such a date," &c.; and it is well to give full particulars of each article in the credit. Unless they have special instructions to do so, they should decline to receive undue trade bills altogether. If bankers have occasion to advise a correspondent of the receipt of any items for his credit the letter of advice should invariably be confirmed by the signature of an authorized official.

*Payments for Account.*—From time to time a banker is required to make payments for his customers against their special orders. Thus, he may be instructed to pay club subscriptions, insurance premiums, &c., &c., as they fall due. The standing order given to him by his customer should bear a penny stamp, and great care must be exercised in attending to the orders, for if once he agrees to pay, say, insurance premiums, should he thereafter forget to do so, he will be liable for any loss that may consequently occur to his customer. If a customer wishes the banker to arrange for his checks to be paid elsewhere, it is desirable that in his request he should agree that the office at which his checks are to be paid shall be in the same position as his own banker, as to non-liability for forged indorsements on his checks.

All credits of this kind, which are established, should be noted in

the customer's account, as well as in the Register of Credits opened, so that if he stop a check, every office where his checks are payable may be advised thereof. The letter opening a credit should distinctly bind the banker who opens it to honor all payments made under it until it expires, either by lapse of time or by being withdrawn. Of course the letter will be signed by a duly authorized official, whose signature the receiving bank will verify, and the letter should contain specimens of the signatures of the individual or individuals (if a firm) as they will appear on the checks. It is perhaps most convenient that these checks should be drawn upon the bank opening the credit and marked "payable at \_\_\_\_\_ bank."

[ TO BE CONTINUED. ]

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### MUST THE "MIDDLEMAN" GO?

"A little more than a dozen years ago, when the Granger movement in the West was at its height," the *Chicago Tribune* tells us, "a minister in the southwestern part of Wisconsin advocated in one of his sermons the abolition of the middlemen. On going to the butcher the next morning for his steak, he was met with the remark: 'When you want beef in future you had better go to the cow for it, and I will go direct to the Bible for my religion.'"

"The movement of that day was an acknowledged failure, but its basic principle took root and has since grown mightily, especially in the British Islands. Within the last decade the co-operative stores in Great Britain have more than doubled their numbers and vastly increased their capital. They now do an annual business of more than \$125,000,000, and their invested capital exceeds a total of \$40,000,000. They supply the needs of the household to seven-eighths of the people in one of the Scotch counties, nearly half in another, and about one-fourth of the inhabitants of the densely-populated counties of Northern England. And they work on a wholesale scale, too, buying a whole drove of cattle, the entire product of a mill or a farm, and a whole cargo of wheat or tea at once; the purchase being in each case retailed out to the stockholders at very little above the first cost, with expenses of subsequent handling.

"The immensity of the saving thereby effected may be inferred from an estimate made a very few years ago, that the American farmer received for his wheat only one-fifth of the price which the Englishman paid for it in the shape of bread, while another fifth part would cover all that was paid to the railroads for transportation, to the miller, the maker of the bag or barrel, and the wholesale merchant. That estimate, allowing 60 per cent. to the flour dealer and the baker, would not, however, hold good to-day. The co-operative plan had gained such a hold upon the affections of the people that the retailers were obliged in self-protection to cast about for the means of meeting the co-operators, at least part way. In order to save themselves from extinction as middlemen, they found it necessary to save the profits that had been paid to other middlemen. They met with a ready response from parties who stand very near to the original producer. In the article of bread, for instance, the consumer in London used to buy his bread from the retailer, who bought it from the baker, who bought his flour

from the English miller, who had to pay for the transportation of the wheat to his mill from Liverpool, where it had paid about four profits to as many parties for handling it. And before its arrival there the wheat had paid a profit to the buyer at the country station, to two commission men and one warehouseman in Chicago or Milwaukee, and then to the same number in New York, after having been levied on for elevator charges in Buffalo.

"Now all this is changed. A very large part of the flour that is used by the English baker, over and above that made from home-grown wheat, is consigned to him direct from the mill in the north-western part of the United States, where the wheat has been gathered in from the farmers of the surrounding country. It is this novel feature of the trade that has killed off the middleman here who used to occupy a prominent position as a wheat exporter. There is now a standing difference of at least three cents per bushel to the disfavor of the exportation of wheat in the berry. It would be more than that but for the fact that the British miller is also engaged in the struggle to survive, and wants some of our wheat to mix with that grown elsewhere, the combination possessing some qualities which make a portion of the English people willing to pay a little premium for the article produced by such admixture.

"The co-operative store does not take kindly root in this country, partly because of the fact that we change our residences oftener than the English do. But the middleman is being eliminated out of the general current of business all the same, and at a rather rapid rate. Again we may take flour as an instance, though it is far from being the only thing that might be adduced as an example. The baker in the New England States is now supplied to a very great extent direct from the Western mills, in the same way as is his British brother, and a large part of the profit that he saves from the middleman goes into his own pocket, because of the absence of the co-operative competition that the English baker has to cope with. The same is true to a smaller extent of the bakers in Chicago and other Western cities. Many of them buy direct from the mill, and do not even patronize the local broker, though his very moderate charges are partly compensated by the additional freight charges on lots of less than a single car-load by rail.

"The political economist cannot fail to recognize as one of the most strongly marked features of the age we live in a tendency to cheapen as much as possible the cost of everything that is produced and consumed, both in the use of labor-saving appliances in production and in the mercantile part of the transaction—the passing of the property from the producer to the consumer. Indeed, it may be said that the only avenue now open for what is called 'success' in business—that is the making of money rapidly—lies in this direction. It is the man who can think and act out some plan for cheapening cost, who can command the flow of cash towards himself at something more than the sluggish rate with which it ordinarily travels in commercial channels. The great problem is how to enrich oneself by increasing the purchasing power of the dollar that is owned by another."

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## USURY BY NATIONAL BANKS.

*Barrett v. Shelbyville National Bank.*

## SUPREME COURT OF TENNESSEE.

1. *Usury*—*Who Entitled to Sue for*.—The provision of the National Banking Act against usury will be enforced in favor of the original borrower, or any one who, for a good cause, represents his interest.

2. ———. *Set-off*.—The bank will be allowed to set-off the penalty by expenses of exchange, and by any just debt against the original borrower.

3. ———. State laws not applicable.

TURNER, J., delivered the opinion of the court:

Complainant claims to be the creditor of Barrett, Landis & Co., to the amount of about ten thousand dollars; that his debtors are insolvent, and have made an assignment. He charges that the Shelbyville Bank was established under the Banking Act of the United States of 1864. That Barrett, Landis & Co., between the 1876 and 1878, did a large amount of business with the defendant bank. That the bank received from them several thousand dollars of usurious interest, the rate being one per cent. per month, in violation of the 30th sec. of the Act of Congress. He seeks to be substituted to all the rights, claims and forfeitures that Barrett, Landis & Co. have, under the provisions of the Act of Congress, to recover of the bank by reason of the taking, etc., of said usurious interest. That, in any event, he is entitled to recover of the bank the amount of usury collected contrary to the laws of Tennessee. An amended bill was filed, charging a judgment on the debt. The prayer conforms to the allegations of the bill. There were motions to dismiss and demurrers which were overruled.

The same defences are relied on in the answer, and are, that no recovery can be had under the statutes of Tennessee; that, by sec. 30 of the Act of Congress, the right to recover is confined to the party paying the usury and his legal representative, and that a creditor is not such representative. The first question is settled in favor of the defendants in *Farmers' National Bank v. Dearing*, 1 Otto 34, followed by this court in *Hambricht v. National Bank*, 3 La. 40. Section 30 of the Act of Congress of 1864, which is section 5,198 of the Revised Statutes, is as follows: "The taking, receiving, reserving or charging a rate of interest greater than is allowed by the preceding section, when knowingly done, shall be deemed a forfeiture of the entire interest which note, bill, or other evidence of debt carries with it, or which has been agreed to be paid. In case the greater rate of interest has been paid, the person by whom it has been paid, or his legal representative, may receive back in an action, in the nature of an action of debt, twice the amount of the interest thus paid from the corporation taking or receiving the same, provided such action is commenced within two years from the time the usurious transaction occurred; that suits, actions, and proceedings under this title may be had in any Circuit, District, or Territorial Court of the United States, held within the district in which such association may be established, or in any State, County, or Municipal Court in the county or city in which such association is located, having jurisdiction in similar cases."

The question to answer is, can a creditor of the borrower re-

cover? Is he a legal representative in contemplation of the act? The construction to be given to the statute must depend upon its class. Of the one before us, Justice Swayne says: "The 30th sec. is remedial as well as penal, and is to be liberally construed to effect the object which Congress had in view in enacting it." 1 Otto 35. In *Oates v. National Bank*, 10 Otto 244, construing an Act of Congress, the court says: "The duty of the court, being satisfied of the intention of the legislature clearly expressed in a constitutional enactment, is to give effect to that intention, and not to defeat it by adhering too rigidly to the mere letter of the statute or to technical rules of construction. And we should discard any construction that would lead to absurd consequences. We ought rather, adopting the language of Lord Hale, to be curious, and subtle to invent reasons and means to carry out the clear intent of the law-making power when thus expressed."

The statute makes the amount that may be recovered from the usurer a debt. The plain purpose and intent is to reimburse the borrower to the extent of the unlawful payment. The enactment is merely the declaration of a common law right, with a prescription of the form of action in which the recovery may be. If the statute had stopped short at fixing the rate of interest which might be taken, and declaring the excess unlawful, then the payor would be the creditor of the payee to the extent of the unlawful payment, which might be recovered in an action of *assumpsit* for money had and received. If it had stopped with the provision, that party paying might recover, etc., there could be no question of the right of an assignee, or executor, or trustee, or administrator, to recover, nor of the right of a creditor to impound by attachment or garnishment, and appropriate the fund to the payment of a debt. The receiver of the usury is a trustee for the borrower, and a court of chancery, upon inherent principles, will make him disgorge for the benefit of creditors. The usury in the hands of the lender is as much a part of the estate of the borrower as his goods and chattels in possession, or his choses in action evidenced by notes, accounts or promises to pay. Whenever one has in his possession, or has converted in any way the money of another, no matter how obtained, to his use, the law implies a promise to pay, and upon that implied promise, debt or *assumpsit* is maintainable. The conversion, by whatever unlawful means, does not strip the estate of the true owner of its right, while the fund is in law the property of the borrower, or his right to sue for its conversion exists. It is subject to condemnation for the payment of his debts. If, then, the borrower, or his creditors or assignee could have recovered, if the right to sue had been given alone to him, why should the addition of the words "or his personal representative" be construed to restrict to the borrower himself while in life? Would not such interpretation lead to the "absurd consequences" warned against in 10 Otto, already quoted?

To hold that the borrower may alone control a part of his estate subject to appropriation in the payment of his debts, in a way to defeat these debts by a voluntary disposition of such part, in direct violation of every rule of equity and good conscience, would be to hold that Congress had provided the debtor with sure agencies to hinder and defeat his just creditors. The declaration of the statute that the borrower may recover the usury paid is a declaration that the receiver of that usury is the debtor to the borrower; that he holds as trustee the moneys of the borrower, or has wrongfully converted them to his own use.

The debtor defendants are insolvent, and have made an assignment not embracing the chose in action sued for here, for what reason the omissions occur, does not appear. The question is, shall this debt, due to the insolvent, and which is certainly assets for the payment of debts, be denied to creditors, simply because a bankrupt debtor fails or refuses to sue?

It certainly was not the intention of the legislature to restrict the right of recovery to the narrow limits contended for. On the contrary, we are of opinion, the term legal representative, was intended to and does mean, any one who may, for a good cause, represent the interest of the original borrower, as, for instance, a purchaser from him for value, an assignee in trust for the payment of debts or a pledge. Such is the principle of the holding of Judge Dillon in *Crocker v. First National Bank of Chetopa*, First National Bank cases, 320-1, that it was a purpose of the law to repair the loss of the borrower, or reimburse his estate, and that an assignee in bankruptcy is, in respect of such claim, which has injuriously affected and reduced the estate to bankruptcy, the legal representative of the bankrupt within the meaning of the statute.

This suit may be properly said to be the suit of the debtor firm. It is party defendant to the bill seeking the relief and asking the account. A recovery will discharge, *pro tanto*, its debt. A recovery is, in fact and legal effect, its recovery repairing its loss and reimbursing its estate. Our chancery court has the jurisdiction of the suit, and is the mode prescribed by the act.

The bank will be charged twice the amount of interest paid to or received by it in the usurious transaction with Barrett, Landis & Co., within two years before the filing of the bill, and will be credited with reasonable expenses in procuring exchange, and by any just and valid debt it may have owned on Barrett, Landis & Co., at the date of filing the bill, and which is set up by the answer and sustained by the proof.

As we have already seen, the usury laws of the State cannot be applied, and, under the Act of Congress, a judgment is not necessary to a recovery by a creditor of the borrower.

Therefore the demurrer to original bill should have been overruled.

**BAILMENT—WAREHOUSE RECEIPTS—NOTICE OF TITLE TO BAILEE—EVIDENCE OF NOTICE.**—A and B were warehousemen, and lessees of a wharf, to take charge of which they employed C. D obtained from C a receipt showing that the latter had received and held certain pig iron on the wharf subject to D's order. D told C at the time that he wished to raise money on the receipt, and in C's presence indorsed it over to E. It did not appear, however, that C saw what the indorsement was. D pledged the receipt to E for a loan, and afterward fraudulently obtained from A and B a regular warehouse receipt. He then sold the iron to F, and transferred the warehouse receipt. The title to the iron being settled to be in F, E brought suit against A and B to recover damages. *Held*, that defendants were not liable unless it was shown that they had notice of the fact that a loan had been made, as security for which the first receipt had been deposited with the plaintiff, and that as the evidence failed to affect them with such notice through their agent C, they were entitled to judgment. *People's Bank v. Gayley*, 11 Nor. 518. [*People's Bank v. Etting*, Penn. Sup. Ct.]

## MARYLAND COURT OF APPEALS.

*The Second National Bank of Baltimore v. Wrightson, Ex.*

Samuel Stines deposited \$1,000 in a National bank, for which he received a certificate of deposit, stating that the amount was payable to the order of himself or Ellen Stines on the return of the certificate.

*Held*, That the bank could not lawfully pay the money to Ellen Stines, after the death of Samuel Stines.

STONE, J., appeal from the Circuit Court for Baltimore City.

The motion to dismiss the appeal in this case must be overruled. As we shall affirm the orders appealed from, and as the result will be the same to the parties, whether the appeal is dismissed or the orders affirmed, we do not think it necessary to state at length the reasons for overruling the motion to dismiss.

Samuel Stines, the appellee's testator, deposited with the appellant \$1,000, and took a certificate of deposit in the following terms:

\$1,000. Certificate of deposit. Second National Bank of Baltimore, Md.—

DECEMBER 13, 1880.

Samuel Stines has deposited in this bank \$1,000, payable to the order of himself or Ellen Stines, on the return of this certificate.

J. H. BAWDEN,

*per Smith, Cashier.*

No. 15,280.

Samuel Stines died in April, 1881, before the withdrawal of the \$1,000, or any part of it, leaving Ellen Stines, his wife, surviving him. A few days after the death of Samuel, his wife, Ellen, presented to the appellant the certificate of deposit and drew from the bank the whole amount. Some time afterward Wrightson, the appellee, took out letters testamentary upon the estate of Samuel Stines, and brought an action at law against the bank to recover the \$1,000, upon the ground that the bank had no authority, under the terms of that certificate, to pay over to Ellen Stines this money after the death of Samuel.

Before the case at law was tried, the appellant filed a bill in equity praying that the suit at law might be enjoined and the certificate might be reformed, alleging that it was not drawn in conformity with the agreement of the parties.

The court below granted an injunction, and a good deal of proof was taken, and the court below finally decided, in substance, that the appellant should pay over to the appellee the \$1,000, less so much of it as appeared to have been received by the appellee, Wrightson, from Ellen Stines, and applied to the payment of the funeral expenses and debts of Samuel; and from this order the appeal is taken.

A certificate of deposit, drawn like the one before us, did not authorize the payment of the money to Ellen Stines after the death of Samuel Stines. This is no longer an open question in this State, but is fully settled in the cases of *Murray v. Cannon*, 41 Md., and *Taylor & Henry v. Bruscup*, 48 Md. Indeed, this principle is fully recognized by the appellant, who seeks to have the certificate reformed.

The appellant also seeks to shelter itself under the plea of a want of notice of the death of Samuel Stines before the payment of the deposit. While such defence may have been a perfectly good one, if in accordance with the facts, yet we cannot disregard the evi-

dence in the record that the paying-teller had notice of the death of Samuel Stines before the payment of the money to Ellen Stines. The appellant, a corporation can only act or be notified through its officers. The officer whose duty it was to pay the certificate was the proper one to receive the notice that Ellen Stines was then not the proper party to receive the money.

If he mistook the law, the bank, whose agent he was, must suffer the consequences. It is no defence against the legal owner of the money. The paying-teller was acting clearly within the scope of his authority as agent of the corporation. The duty of the paying-teller of a bank is to pay the proper amount to the proper person. If he mistakes the person to whom the money is properly due and payable, and pays it to another, the bank must abide by the consequences of his mistake. The appellant asks to have the certificate reformed as not being drawn in accordance with the real agreement between the parties.

Before a court of equity will undertake the difficult and delicate task of reforming an agreement in writing, it must be satisfied beyond a reasonable doubt, by the proof, that the agreement so sought to be reformed was not the agreement that the parties intended and wished to make; and it must be equally well satisfied what was the agreement contemplated at the time of the execution of the writing. The evidence on these points must be full, explicit and satisfactory, before a court of equity will interfere. There is no such evidence in this case, and the agreement will not be interfered with.

We might stop here and dismiss the bill, as the only specific relief asked by the appellant was the reformation of the agreement. But it was developed in the proof that a part of the money drawn by Mrs. Stines went directly to the payment of the debts and funeral expenses of Mr. Stines. It is, therefore, only equitable that the bank should stand in the place of those who were paid out of the fund. The lower court, therefore, committed no error in retaining the bill, and under the prayer for general relief, allowing the bank a credit for the amount of the money drawn by Ellen Stines that went directly to pay the debts and funeral charges of Samuel Stines, and for which the executor obtained a credit in his administration account.

The orders appealed from will therefore be affirmed with costs.

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**PARTNERSHIP—RETIRING MEMBER—SUBSEQUENT INSOLVENCY OF FIRM—LIABILITY FOR DEBTS.**—Unless upon proof of fraud, the retiring member of a partnership that subsequently became insolvent cannot be held liable for any firm debts contracted after his retirement. [*Penn. Nat. Bank v. Furness*, U. S. Sup. Ct.]

**BANKS—FRAUDULENTLY OBTAINING MONEY FROM—LIABILITY OF UNITED STATES TO BANK.**—Where by the connivance of a clerk in the office of an assistant treasurer of the United States, a person unlawfully obtains from that office money belonging to the United States, and to replace it, pays to the clerk money which he obtains by fraud from a bank, the clerk having no knowledge of the means by which the latter money was obtained, the United States are not liable to refund the money to the bank. [*State Nat. Bank of Boston v. United States*, U. S. Sup. Ct.]

## LEGAL MISCELLANY.

**BANKS—RIGHT OF APPLICATION OF DEPOSITOR'S FUNDS—CHECK PAYABLE TO ATTORNEYS—PARTIES—CUMULATIVE REMEDIES.**—(1) A banker has no right to apply money on deposit in his bank to the payment of a note of the depositor payable at the bank, without the order of the depositor. *Wood v. Merchants', etc., Loan and Trust Co.*, 41 Ill. 267. (2) An instrument drawn by a depositor on a bank, in the following form, after giving the date and the name of the bank: "Pay to A and B, for account of C & Co., ten hundred and eighteen 23-100 dollars," and signed by the depositor, is a valid bank check, and will operate to transfer to the payees an amount of the drawers' funds on deposit equal to the sum named on its face. The words "for account of C & Co.," do not change its character as a check. A bill or note, without at all affecting its character as such, may state the transaction out of which it arose, or the consideration for which it was given. (3) A bank check, payable to attorneys on account of a debt due from the drawers to the clients of the attorneys, vests the legal title in the payees named, as trustees for the clients, and a suit thereon against the bank is properly brought in the names of the payees. (4) A debtor gave his check on a bank for the amount of his indebtedness, payable to the attorneys of the creditor, which the bank refused to pay, alleging an agreement of the debtor to apply his deposits on other indebtedness. It was held that the bringing of an action by the creditor against his debtor did not estop him from bringing an action on the check in the name of his attorneys, the payees, against the bank. *Beckford v. First Nat. Bank of Chicago*, 42 Ill. 238; *Brown v. Leckie*, 43 id. 497. Although the law will not allow a party to have more than one satisfaction for his debt, yet in many cases it permits him to carry on several remedies at the same time. [*Ridgely Bank v. Patton*, Ill. Sup. Ct.]

**DEPOSIT IN BANK—GIFT—TRUST.**—To constitute a gift there must be a transfer of the fund to the claimant, or at least a transfer of it to the depositor as trustee for the claimant. *Sweeney v. Boston Five-Cent Savings Bank*, 116 Mass. 384, was an instance of the former. *Gerrish v. New Bedford Institution for Savings*, 128 Mass. 159, was an instance of the latter. But a declaration of trust by the owner, or a deposit of the fund in his name as trustee, or a deposit in the name of another, will not of itself be sufficient to prove a gift or voluntary trust; there must be some other act or circumstance showing a perfected gift of the legal or equitable interest. *Clark v. Clark*, 108 Mass. 522; *Broderick v. Waltham Savings Bank*, 109 id. 149; *Powers v. Providence Institution for Savings*, 124 id. 377; *Eastman v. Woronoco Savings Bank*, 136 id. 208. In this case there was no transfer of the fund, no perfected gift of it to the claimant. The supposed donor was the depositor, and as such signed the agreement and was affected with notice of the by-laws of the bank, and received and kept in his possession the deposit book. The by-laws provided that money deposited should only be drawn out by the depositor, or some person by him legally authorized, and that no payment should be made to any person without the production of the pass-book; and that any depositor might

designate, at the time of making the deposit, the period for which he desired the same should remain, and the person for whose benefit it was made, and should be bound by such condition annexed to his deposit. The deposit was entered to the credit of the claimant, and the pass-book was in its name, and the following condition was annexed: "Interest to be paid to the order of Urial Sherman. Principal to be drawn by board of said church after the decease of said Urial." The depositor never had any communication with the claimant in regard to the matter, and the claimant did not know of the deposit until after the death of the depositor. The only contract made was that between the depositor and the bank. The form of the deposit and the condition annexed were parts of that contract, and in some respects modified it; but as regards the claimant, they are nothing more than declarations of the depositor competent only upon the question of his intention. But no inference can be drawn from the form or circumstances of the deposit that the depositor intended to give to the claimant any right or interest in the fund, to take effect during his own life, and deprive him of the dominion and control of the property, and prevent him from revoking the gift. [*Sherman v. New Bedford Savings Bank*, Mass. Sup. Ct.]

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## ECONOMIC NOTES.

### THE VIRTUES AND VICES OF OPTIONS.

A rather marked feature in the Stock Exchange recently has been the revival of "option" dealing. In years gone by a considerable amount of business was habitually transacted in "options," especially in consols, but more recently this species of speculation had dwindled down to very restricted dimensions. But at no period has it ever been as popular as it is on the continental bourses, and on the stock exchanges across the Atlantic. At Paris, and on all the German bourses, there is a vast amount of speculation constantly carried on by means of options, not separate from, but ancillary to, direct operations for the rise or fall. In New York, "options" or "privileges" are also a very favorite form of speculation, and that the means for indulging it have been abundant is evidenced by the fact that Mr. Russell Sage, the well-known associate of Mr. Jay Gould, who was, until the collapse of May, 1884, one of the wealthiest and most powerful manipulators in Wall Street, has always been a great dealer in "stock privileges." It is difficult to understand why options have so far not been acclimatized in England, but, in view of their becoming more popular, it may be well to refer to their advantages and disadvantages from an outside standpoint.

An "option" is the price paid for the right to demand or to deliver a certain amount of stock at a given price within a certain definite period. The prices given for this "option" may, of course, range infinitely, according to the supposed value of the elements of which it is composed. The right to demand a stock is termed the "call," and the right to deliver it the "put." For instance, one may pay to-day, say, two per cent. for the "call" a month hence of £1,000 Russian 1873, which right may or may not be exercised. And, a "put" would be exactly the converse of this. It is possible to buy the double privilege of both "put" and "call," but the price asked is usually so heavy as to be practically prohibitive. Now, the

idea of the speculator who dabbles a little in options is simply to buy the "put" or "call" according to whether he thinks the market will fall or rise; whereas their real *raison d'être* is something altogether different. They should always serve as a protection to other operations. For instance, a speculator becomes a "bear" of, say, £10,000 Russian 1873, and buys "call" of the same amount of stock. If the price falls, as he anticipates, the profits which he realizes are reduced by the amount paid for the "call." On the other hand, if the stock rises, no matter how much, he can "call" the same amount of stock as that sold at presumably the same price, which liquidates the stock sold, leaving him only the premiums paid for the "call" out of pocket. It is, of course, evident that an "option" often affords protection not to one, but to a series of operations. Moreover, the holder of an "option," using it this way, may finally find it to his advantage to close all operations for which it acted as protection, and using, say, the "call" in a direct manner, turn over from the "bear" to the "bull" side of the market. An "option" used properly, therefore, affords ample scope for skillful speculation, while no loss can be incurred beyond the premium paid in the first instance. But when a speculator who dabbles a little in this sort of business just buys the "put" or "call," and, as it is termed, "sits upon it," he simply plays a losing game, for his operations for the fall or rise, which would be sufficiently weighted in the case of a purchase or sale by his own inexperience, and by the expenses of commission, &c., are now burdened by the heavy prices paid for the option itself. In fact, the charges are probably multiplied tenfold against him. It is true that the loss is limited, but then the prospect of a profit is reduced almost to the vanishing point. On the other hand, "options" capably used not only limit the loss, but offer a fair chance for making a profit. They are, in fact, an excellent medium for clever, yet cautious, operators. From what we have said, it will be seen that those who advise people to buy "options," without taking any other measures, are simply considering their own interests, the more especially as the securities so often recommended are those which are extremely unlikely to fluctuate to the extent of the given premium—the latter frequently remaining in the hands of the broker, or so-called "broker," as something of a much more satisfactory nature than any commission.

From the standpoint of business morality, two things may be adduced in connection with "options," one for and one against. In the first place, they foster a form of speculation which already flourishes too abundantly. They do this not only directly, but also indirectly, as, owing to the way in which they limit loss, they encourage people to speculate in stocks and shares who otherwise would be restrained, not so much by a positive prudence as by a negative timidity. But it is evident that one can be as effectually destroyed by a poison taken in regular and known quantities, as by a large draught taken heedlessly. It is only a question of time—both methods are equally certain. On the other hand, used by experienced speculators, "options" are generally great safeguards against unexpected and violent movements in prices, and hence, in times like the present (speculation being a fact which must simply be acknowledged and dealt with), they are entitled to some commendation. As a matter of fact, speculation in stocks and shares at the present time is, for most people, gambling of an ultra-violent character, and is only tolerable when protected in the way described.—*London Economist.*



## THE CHINESE DEBT.

In a report by Mr. O'Connor, of the British Embassy at Peking, details are given as to the amount and composition of the Chinese debt. The first Chinese loan was brought into the European market in 1875, and the following summary may be taken as an accurate statement of the various loans raised since that date by the Imperial Chinese Government in foreign markets. Other small loans, it is stated, appear to have been raised from time to time on the security of the Maritime Customs, in order to meet pressing or unexpected demands, but the amount has been comparatively trivial, and may be regarded rather as advances repaid within a short time than as regular loans.

In 1875, at 95, 8 per cent.....	£ 627,615
1875, 1,000,000 Shanghai taels, at 8 per cent., say.....	250,000
1877, at 98, 8 per cent.....	1,604,276
1879, 1,949,000 Shanghai taels, at 8 per cent., say.....	487,250

These four loans have already been paid off in full.

In 1881, 4,384,000 Shanghai taels, at 8 per cent., say, £1,096,000, of which 2,740,000 taels still remain due, say.....	685,000
1883, 2,000,000 taels at 9 per cent., say.....	500,000
Salt revenue pledged as security, and loan repayable within three years.	
1884, 1,440,000 taels, at 9 per cent., say.....	285,000
Security not mentioned in Imperial Decree approving loan.	
1884, at 10 per cent.....	1,500,000
Security, Maritime Customs. Of this loan, only £150,000 ap- pears to have been paid over to the Imperial Government up to present date.	
1885, 2,000,000 taels at 10 per cent., say.....	500,000
Security, Maritime Customs. Loan repayable in ten years.	
1885, 1,000,000 taels at 10 per cent., say.....	250,000
Security, Maritime Customs.	
1885, at 9 per cent.....	750,000
Security, Maritime Customs.	
1885, 4,000,000 Shanghai taels, at 9 per cent., say.....	1,000,000
Security, Maritime Customs.	

Total foreign debt..... £5,470,000

To this list must be added the two loans so successfully floated last week, amounting together to 2,250,000. These raised the total foreign debt to about 7½ millions, which is almost all secured upon the Maritime Customs duties, which have amounted in each of the past ten years to about three millions per annum. This, says the London *Economist*, is certainly a very diminutive debt, and the smallness of her borrowings accounts for the rapid improvement in the credit of China. Not many months ago she had to offer 10 per cent. for the money she needed, whereas now people crowd to lend her at 6 per cent. It remains, however, to be seen what effect this ease in borrowing will have upon the Imperial Government. That is known to be in a chronic state of financial difficulty, and when investors open their pockets so readily to its appeals, it will be sorely tempted to dip deeply into them.

## ENGLISH INCOMES.

The total number of persons "charged to income tax" in 1883 was 437,566. As the population of the British Islands at the latest reported date, 1881, was 35,246,633, the number of persons paying income tax was but 12.4 to 1,000. Allowing 6 persons, on the average, to a family, there are but 75 families in 1,000 with an income sufficient to be taxed, *i. e.*, an income of £100, which is the minimum. Of the total number of incomes taxed, 48,495 were below

£150, 159,988 were from £150 to £200, and those under £200 or \$1,000 were 208,483, or 47 per cent. of the entire number. Between £200 and £300 there were 107,324, making 315,807, or over 70 per cent. of the total under £300 or, \$1,500. Between £300 and £400 there were 47,433, making 363,140, or 83 per cent. of the total with incomes under £400, or \$2,000. This leaves only 17 per cent. of all the persons paying income tax with an income of £400, or \$2,000. Beyond the limit of £400 the number of incomes diminishes rapidly for each additional £100 until £1,000 is reached. Between £900 and £1,000 there are only 1,812 incomes. Beyond that limit the incomes are classified by intervals of £1,000. Between £1,000 and £2,000 there are 12,985 incomes. The next advance of £1,000 brings the number down to 3,934, and on, until the number between £4,000 and £5,000 is reduced to 1,000. Of incomes above £5,000 there are but 3,145, or 1 to 11,207 of the population. Of incomes above £10,000 there are 1,275, or 1 in 21,370. Of incomes of £50,000 or over there are but 98, or 1 to 360,000.

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## CORRESPONDENCE.

*To the Editor of the BANKER'S MAGAZINE.*

A great many inquiries are asked regarding the indorsement of checks and drafts. It is a principle of the common law that any offset one may have against any piece of paper in the hands of the original holder, can be pleaded against it in a suit; also a check or draft in the hands of the payor is *prima facie* evidence that the holder has paid it to the proper person, the burden of proof resting on the payee of the check or draft to prove that he never received payment of it. How, then, can it make any difference to the bank whether it is indorsed or not when presented by the payee? The bank is in no better position with the indorsement than without it, any rule or custom of an individual bank to the contrary, notwithstanding, for the payee may deposit the check, properly indorsed, with the teller, and he may make no entry; does the indorsement relieve the bank from responsibility? Not at all.

A check or draft payable to A is not negotiable; the same draft to A, "or order"—or bearer—is; the latter form gives the payee the right to transfer it by indorsement to a third party, who can sue on it in his own name, and no offset can be pleaded; the first form does not give this power. Now, what has the bank to do with all this? It is under no responsibility until the check or draft is presented. If the payee A has made it payable to B, or to B "or order," or bearer, then the duty of the bank, in the absence of any other transfer, is to pay it to B without indorsement, provided A's indorsement is genuine, otherwise they can insist on the indorsement of the indorsee to guarantee the genuineness of the payee's indorsement. But here an entirely new feature appears, which does not present itself in the first case.

A bank can assume no responsibility by paying a check or draft payable to bearer to any one who presents it. The principle of law is that each man must stand the consequence of his own negligence or ignorance. Neither can a bank insist upon a payee of a check indorsing it when he presents it himself, for he elects to take the first right granted him in the check, *i. e.*,

the right to demand the money himself, and he has just the same right to transfer it by indorsement to a third party; but he does not see proper to do so.

It was originally the principle that no debt could be transferred without the consent of the maker of the paper; hence if A gave a note to B, B could not transfer it to C without first getting A's consent. Such is still the case with a note payable to "A," for great convenience, both mercantile law and often the statute law fixed forms by which it could be transferred without A's consent, but have never touched the original right, as evidenced by the form, *i. e.*, to B. C would in this case stand in the same relation to A as B did, with same rights; it was not necessary for B to indorse the note when he collected, and, as a consequence, the indorsee, B, could not be required to do so, only to guarantee the genuineness of A's indorsement.

Hence, the bank gains nothing by the payee's indorsement when presented by him, and the payee has no extra obligations imposed upon him.

For example, if the payee has been an accessory to a forged signature of the drawer, his indorsement does not help the case, for the bank must prove that the payee was either knowing to or an accessory, and said proof must be deduced from facts outside the indorsement.

G. W. VOIERS.

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## BOOK NOTICES.

*How to Collect Railway Revenue without Loss. The Railway Officer's Handbook and Traveling Auditor's Manual.* By MARSHALL M. KIRKMAN. Chicago: 1885.

This is the latest addition by Mr. Kirkman to a series of railroad books of great usefulness. The author is not a theorist, but a railroad official of large experience, and this book, like its predecessors, is the outcome of a familiar knowledge with the subject. How differently such books read from those timidly written at second-hand? The principles are clearly and concisely stated, and the facts and illustrations come straight from the author's experience. He remarks in his preface that "the bulk of the revenue of railroads is collected through the medium of station agents, conductors, and their immediate assistants. These officials constitute a large and constantly changing force, varying greatly as regards experience, industry, fidelity, moral character and capacity. They are, however, an exceedingly intelligent and trustworthy class of men, but there are exceptions to this general rule, and this fact renders minute and constant supervision necessary. Hence the thought and purpose of this book." Its practical nature will be evident from the mere mention of some of the topics considered—the organization of the force, character of the men fitted to handle money, some of the principles to be observed in handling it, nature and amount of the bonds required, etc. One of the chapters that has interested us most relates to his method of dealing with defaulters. He says that he has never found it necessary to actually imprison a defaulter, though repeated cases had occurred where it had been very difficult to secure restitution of the money. "I have al-

ways inclined towards leniency in such matters, and where a delinquent or his friends could make good the amount of the shortage the matter has been allowed to drop so far as the company was concerned. . . . It is very seldom," continues the author, "where money is taken by an unfaithful employee, that he does not make provision to satisfy his employer, in the event the latter insists upon restitution. He has, as a rule, some plan either by which he can repay it himself, or through his friends, if it is only by such a course that he can escape imprisonment. These facts cannot be too strongly impressed upon the minds of those called upon to collect deficiencies in the accounts of agents. If the inspector is lazy, or stupid, or credulous, he can accomplish little or nothing, he in fact complicates the case by rendering the delinquent less amenable; if, on the other hand, he is vigilant, astute and untiring, it is hardly possible to conceive of any defalcation that he cannot in conjunction with the treasurer or collecting officer, set aright. It is, in the first place, perfectly safe to assume at the start, that a man who will take money that does not belong to him will prevaricate; the traveling auditor must therefore accept all statements made under such circumstances as presumably false. Moreover, it may be accepted as true that all defaulters are cowards. This quality will prove an active auxiliary to the efforts to secure the return of the money." This extract, interesting and valuable in itself, will also serve as a good illustration of the practical nature and worth of the book. It is sure to be successful in several ways, and should encourage others to prepare similar books in other fields of business activity.

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*Manual of the Railroads of the United States for 1885, showing their route and mileage, stocks, bonds, debts, cost, traffic, earnings, expenses and dividends; their organizations, directors, officers, etc.* By HENRY V. POOR. H. V. & H. M. Poor. New York: 1885.

From this well-known publication, it appears that the total number of miles of road in operation at the close of last year was 125,379, of which 3,977 miles were constructed during the year, an increase of 3.17 per cent. The share capital in 1884 equaled \$3,762,616,686, against \$3,708,060,283 in 1883, or an increase of 1.4 per cent. The funded debt aggregated \$3,669,115,772, or an increase of nearly 5 per cent. over 1883. The other forms of indebtedness, including car trusts, etc., not comprised in funded debt, were \$244,666,596, against \$268,925,285, a decrease of \$24,258,689. The total capital and all other forms of debt was \$7,676,399,054, a net increase of \$198,533,272 for the year, or 2.6 per cent. The cost per mile, measured by this indebtedness, is nearly \$61,400, against \$61,800 in 1883. The number of passengers carried by the railroads in 1884 was 334,814,529, against 312,686,641 in 1883, or an increase of 7.8 per cent.; the distance traveled by each passenger was but 26.24 miles, against 27.32 miles in 1883. The amount received from each passenger per mile equaled 2.356 cents in 1884, against 2.422 cents in 1883, and had the latter rate been maintained last year the gross income from passenger earnings would have been \$5,826,532 greater than it was. The number of tons of freight transported in 1884 was 390,074,749, against 400,453,439 tons in 1883, a falling off of 10,378,690 tons, or 2½ per cent. While the total amount of freight



handled thus fell off, the distribution of tonnage exceeded that of 1883, the number of tons transported one mile equaling 44,725,207,677 in 1884, against 44,064,923,445 in 1883. The rate of freight per ton per mile was 1.124 cents, against 1.236 cents in 1883, a decline of 1.12 mills per ton per mile. This slight falling off in rates caused a total decrease of \$56,840,463 to the lines. The *Manual* says, "The falling off of the earnings of the railroads of the country is something phenomenal."

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*The History of a Legislative Shame.*

The above-mentioned document gives the history of a legislative shame and shows which members of the last New York Legislature betrayed the interests of the people to the gas companies. The use and power of money to influence legislation has been rapidly increasing, and slowly but surely building up a system of class laws which not only make the few rich and the many poor, widening the gulf between capital and labor and developing a feeling of hostility toward all corporate and moneyed interests, but is destroying the respect for law and is debasing the moral sense of the community to an alarming and dangerous extent. When stockholders permit such things to be done in their interest, and ex-senators are employed as counsel to direct the operations of the lobby, it is not surprising that legislatures can be bought *en masse*, and that the moral agencies of the times find it difficult to make headway against such influences. It is time every honest man spoke out in condemnation of such practices as are therein indicated, and exerted his influence to secure the nomination and election of legislators who will not betray the public interests.

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*Seventh Annual Report of the Bureau of Statistics of Labor and Industries of New Jersey for the year ending October 31st, 1884.* Trenton, N. J.: 1885.

This is a valuable collection of facts, figures and statements relating to industrial pursuits. To an unthinking mind the volume might appear juiceless, but it is full of the wine of truth. Such works are far more valuable than novels and pictorial histories for the real study of life. Genuine material exists here which can be safely used in solving those great problems of human conduct which are of the profoundest importance.

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*Decisions of the First Comptroller of the Department of the Treasury of the United States; with an Appendix.* By WILLIAM LAWRENCE. First Comptroller. Vol. 6. Washington: 1885.

This volume completes a series of valuable decisions on which Judge Lawrence has bestowed great labor. They are a fine monument of his industry and eminently judicial fairness.

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*Our Silver Coinage and its Relation to Debts and the World-Wide Depression in Prices.*

The above is the title of a little book of 108 pages, by John A. Grier, of Philadelphia, just published. It does not pretend to discuss the strictly sci-

tific questions connected with money, but presents very well the popular arguments in favor of silver. The writer thinks that the coinage of silver should be enlarged, but not made unlimited, and opposes the Warner plan of stopping the coinage and substituting silver certificates.

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*La Réforme de L'Impôt en France.* Par M. E. FOURNIER DE FLAIX.  
Tome Premier. Paris : Guillaumin & Cie. 1885.

To be noticed hereafter.

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*Report presented to the Flax and Hemp Spinners and Growers' Association.*  
Boston : 1885.

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*State Bank of Ohio.* By J. J. JONNEY. Cleveland, Ohio : 1885.

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*The Crime against Poverty.* An Address by HENRY GEORGE. Burlington,  
Iowa : 1885.

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*Trades-Unions ; Investigated in the Light of Common Sense.* By WILLIAM  
M. GROSVENOR. New York : 1885.

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*First Annual Report of the State Board of Assessors of the State of New  
Jersey for the year 1884.* Trenton, N. J. : 1885.

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## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

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### I. DRAFTS ON A BANK PAYABLE AT A FUTURE DAY CERTAIN.

In the August number of the *BANKER'S MAGAZINE*, page 144, you answer a question in regard to grace on checks payable at a future time, and your opinion seems to differ from Laws 1857, chap. 416, section 2. I refer also to 49 N. Y. Reports, page 269. Are there later laws and decisions overruling these, and if so, please refer me to them.

REPLY.—In the reply referred to by our correspondent we were answering an inquiry from Minnesota, and there being no statute in that State, which affects the question, we treated it as one of general commercial law, and answered it upon that theory. If our correspondent will turn to the reply in our number for August, 1884, p. 147, referred to in the reply in question, and also to p. 227 of the same volume, he will find that we made proper mention of the Statute of New York, referred to by him in his inquiry.

The point in question, as a matter of general commercial laws has always been a doubtful one, owing the conflicting discussions which have been made upon it ; and this uncertainty as to what was the correct rule according to the general commercial law, no doubt, was one of the reasons which induced our Legislature to settle the question for this State by the passage of the Statute of 1857, which is still in force.

## BANKING AND FINANCIAL ITEMS.

**MERCHANTS' EXCHANGE NATIONAL BANK.**—The election of a young, thorough-going, successful business man to the Presidency of the Merchants' Exchange National Bank, of this city, has been very favorably received by the stockholders, customers, and friends of the bank. The new President, Mr. Phineas C. Lounsbury, was born in Ridgefield, in the State of Connecticut. He is a man of liberal education and large business experience. He entered the army and did good service during the rebellion. He began his business career as a manufacturer of boots and shoes, under the firm name of Lounsbury Bros. This firm, now called Lounsbury, Mathewson & Co., of South Norwalk, Conn., has always been prosperous and successful, and is now one of the largest manufactories of fine goods in the State of Connecticut. For the past twelve years Mr. Lounsbury has been interested in the American Bank Note Company of this city, where he is now an active director. The Merchants' Exchange National Bank has a capital of one million dollars, and deposits amounting to over three million dollars, and as the new President, besides being the largest stockholder of the bank, is also a man of great energy and executive ability, it is believed that the bank will receive a new impetus and will be recognized as one of the foremost banks of the city. Mr. Allen S. Appgar, who has been the cashier for the past fifteen years will remain in his position.

**PAYMENT OF DRAFTS.**—Bankers and business men generally have suffered considerable inconvenience by the delayed payment of drafts and orders presented for payment after the death of the drawer. The Legislature of Massachusetts has just passed a law by which Savings banks can pay for thirty days after the date of the order, and later, if no actual notice of the drawer's demise has been received, and National banks, trust, safe deposits and all other depositories are allowed to pay out for ten days after the drawer's death. This law applies to single-name checks, of course. Henceforth, therefore, the only thing to be considered in taking and depositing such single checks is the drawer's financial standing and character. Hitherto the taker had reason to be afraid that the drawer might die before payment, and if known to the payee, the holder would have to wait one or two years until the estate could be settled, and it might then be proved to be insolvent. Hence a man alone in business had not the same facilities (at least so far as giving out checks in the settlement of accounts) as he who had a partner. The amendment of the law just enacted was certainly called for, and business men will be glad to know that it has been made.—*Boston Traveler.*

**ALABAMA.**—A bank building is in process of erection in Birmingham, by Messrs. C. F. & E. F. Enslen, for the Jefferson County Savings Bank. The bank will transact a general banking and Savings bank business, and have a paid-up capital of \$50,000.

**ILLINOIS.**—The intelligence is always pleasing of additions to a bank's surplus, especially at a time like this. The Decatur National Bank reports an increase from \$70,000 to \$90,000 on July 1st.

**MILWAUKEE.**—The Commercial Bank of Milwaukee has recently been organized under the general banking laws of the State, with a capital of \$100,000. E. R. Paine is president, and A. B. Geilfuss is cashier. The latter has twice served as City Treasurer of Milwaukee, and last year was appointed receiver of the Manufacturers' Bank of Milwaukee.

**SILVER DOLLARS.**—The demand for them at the Sub-Treasury in this city on the 5th of August was unexpectedly large. A great quantity of fractional silver was passed over the counter, but the output of standard dollars was the notable feature of the day. Hitherto the New York banks have been averse to taking silver dollars from any source, but on the 5th four banks of this city asked for and obtained \$60,000 in standard dollars. The Chemical Bank took \$20,000, the Central Bank, \$20,000; the Citizens', \$10,000; and the Market, \$10,000. Other banks took smaller amounts, making an aggregate of 110,000 silver dollars taken from the Sub-Treasury during the day. Mutilated currency to the amount of \$5,000 was redeemed in silver dollars. The Assistant Treasurer has made a rule to redeem mutilated currency only with standard dollars. The cause of this sudden demand for the hitherto unpopular standard dollar is said to be the scarcity of one and two dollar bills. Since the Government stopped printing bills of those denominations the banks have had difficulty in meeting the requests of their customers for them. The one and two dollar bills, being in constant circulation, wear out rapidly, and the supply is, therefore, steadily diminishing.

**BUFFALO.**—On the 24th of July Henry Conover, Assistant Cashier of the Manufacturers and Traders' Bank of Buffalo, died suddenly after a few hours' illness. Immediately after his death, Thomas E. Emerson, the head bookkeeper, disappeared. He was found at a secluded retreat on the Canada side of the Niagara, and brought back to Buffalo to engage in the examination of the bank's books, which was being made under the inspection of United States Bank Examiner Thurston. Emerson's flight was evidently to avoid having to share in the work of making revelations damaging to his friend Conover. The examination was finished at the close of the month, and the bank officers made a statement, of which the following is the material part:

"On Thursday of last week it was first made known to the undersigned that there were errors in the books of the bank. On Friday evening Mr. Henry Conover, the assistant cashier, died after an illness of a few hours. Mr. Conover had charge of a responsible department in the bank, in which department the errors appear. His death deprived the bank of his assistance in examining books or reconciling the errors. The officers of the bank have been obliged to make an examination of the books under very disadvantageous circumstances. The result of the examination develops the fact that an abstraction of the bank's property has been made from time to time, dating back several years, and aggregating about \$74,000, which is probably lost. Our examination justifies us in saying that the soundness of the bank is unaffected, and its capital of \$900,000 is unimpaired, and that there is a considerable surplus in addition.

PASCAL P. PRATT, President.  
F. H. ROOT, Vice-President,  
J. H. MADISON, Cashier."

Conover's defalcations had evidently been going on for some years, but a recent change in the presidency of the bank resulted in a more rigid scrutiny of affairs, and drove the defaulter to desperation. The Manufacturers and Traders' Bank is regarded as financially solid. It is openly stated that a chief extravagance of the late Mr. Conover, who was a man of family, was the support of a woman now in Europe.

**MONTREAL.**—James Robinson, of St. John, New Brunswick, who defrauded the Bank of Montreal to the extent of \$35,000, and other banks to a similar extent, and was afterwards arrested in Mexico, is to be brought back. Though there is no extradition treaty between Mexico and Great Britain, Mexico did not want such men, and handed Robinson over to the Canadian Government without any formality. Robinson has been accused of complicity in the recent bank frauds at Buffalo and other points. Lavish extravagance is the reason assigned. The crookedness extended over several years, and the banks have expended nearly \$10,000 in bringing Robinson to justice. He had only \$1,300 upon him when arrested.



MISSOURI.—The Neosho Savings Bank of Missouri, has reported its capital as fully paid up, \$40,000.

MINNESOTA.—Public Examiner H. M. Knox has completed his careful tabulation of the annual reports of State and Savings banks and county treasurers. As the examiner's public report is now biennial instead of annual, the figures appear a year or more in advance of their circulation in pamphlet form. Following is the table devoted to State banks, in relation to increase in capital and surplus:

## INCREASE IN CAPITAL.

American Exchange Bank, Duluth.....	\$50,000 00
Bank of Luverne, Luverne (new).....	30,000 00
Rock County Bank, Luverne.....	4,500 00
City Bank, Minneapolis.....	100,000 00
Commercial Bank, Minneapolis (new).....	100,000 00
Pipe Stone County Bank, Pipe Stone.....	25,000 00
Nicollet County Bank, St. Peter.....	10,000 00
State Bank, Slayton (new).....	30,000 00
Bank of Willmar, Willmar (new).....	40,000 00
Bank of Windom, Windom (new).....	40,000 00

Total increase.....	\$429,500 00
Bank of North Minneapolis (withdrawn).....	50,000 00

Net gain in capital..... \$379,500 00

## INCREASE IN SURPLUS.

Wright County Bank, Delano.....	\$600 00
Bank of Glencoe, Glencoe.....	1,500 00
Bank of Minneapolis, Minneapolis.....	4,000 00
Scandia Bank, Minneapolis.....	9,000 00
Bank of Ortonville, Ortonville.....	1,250 00
Bank of Pelican Rapids, Pelican Rapids.....	4,500 00
Pipe Stone County Bank, Pipe Stone.....	4,000 00
Bank of Minnesota, St. Paul.....	8,000 00
People's Bank, Waseca.....	493 06
Kandiyohi County Bank, Willmar.....	5,000 00

Total increase.....	\$38,343 06
Rock County Bank (capitalized).....	\$4,982 18
City Bank, Minneapolis (capitalized).....	28,000 00
Bank of Zumburta (decreased).....	1,109 12

\$34,091 30

Net gain in surplus..... \$4,251 76

The salient feature of the statement is the gain of \$1,250,000, made up mainly by the increase in capital, surplus and undivided profits (\$444,000), and in individual and bank deposits (\$774,000). Notwithstanding which handsome increase the loans show no increase, but even a small decrease, the gain having gone wholly to strengthen the resources of the banks, in round numbers as follows:

Cash and cash items, increase.....	\$150,000
Bank balance, increase.....	838,000
Banking house and real estate, increase.....	80,000
Rediscounts, decrease.....	185,000

Total..... \$1,253,000

The reserve of cash on hand is, therefore, unusually strong. The legal requirement being 20 per cent. of immediate liabilities, which includes demand, time, and bank deposits and dividend account, one-half of which must be held in cash, the statement shows as held in bank balances 24.5 per cent., and in cash on hand (exclusive of items and exchanges) 11.1 per cent., or a total of 35.6 per cent. of immediate liabilities. The list herewith shows new banks and increase of all in capital and surplus:

Following is an abstract of the reports made to the public examiner, show-

ing the condition of the State banks of Minnesota at the close of business on June 30, 1885, with the increase for the year as shown by comparison with the reports for June 20, 1884 :

<i>Resources.</i>	<i>June 30, 1885.</i>	<i>Increase.</i>
Loans and discounts .....	\$9,814,475 66	* \$308 59
Overdrafts .....	86,706 64	5,348 05
Stocks and bonds .....	266,949 22	8,093 55
Due from banks .....	2,048,226 17	837,720 69
Banking-house, furniture and fixtures..	287,357 34	35,011 80
Other real estate .....	163,610 89	44,843 22
Expenses and taxes .....	122,734 00	*6,084 59
Checks and cash items .....	21,323 89	*13,954 84
Exchanges for clearing-house .....	127,307 51	52,386 76
Cash on hand .....	939,973 57	113,491 03
Other resources .....	2,706 87	*24,877 94
Aggregate .....	\$13,872,371 76	\$1,096,895 10
Decrease .....		45,225 96
<i>Liabilities.</i>	<i>June 30, 1885.</i>	<i>Increase.</i>
Capital stock paid in .....	\$3,854,500 00	\$379,500 00
Surplus fund .....	427,433 94	4,251 76
Other undivided profits .....	431,604 76	66,749 64
Dividends unpaid .....	13,334 00	12,973 00
Due to depositors .....	8,310,119 63	611,404 48
Due to banks .....	793,509 49	162,605 38
Rediscouts and bills payable .....	39,250 00	*185,295 82
Other liabilities .....	2,619 94	*519 30
Aggregate .....	\$13,872,371 76	\$1,237,484 26
Decrease .....		185,815 12
Net gain .....		\$1,051,669 14

Number of banks: thirty-six. \* Decrease.

The Savings banks have increased their deposits about \$560,000, the gain being almost wholly in pure savings deposits. They have increased their mortgage loans some \$359,000, and decreased those on personal and collateral security \$281,000, leaving a net increase in loans of \$78,000. Bank balances and cash on hand show a gain of \$300,000, and stocks and bonds of \$200,000, being almost wholly in county and district bonds. The tendency so far as here shown, is toward the unmixed forms of Savings banking, which is an end much to be desired.

TORONTO.—The *Monetary Times*, in entering on its nineteenth volume, appears in a new dress and on paper of an extra quality. The advance of this journal to its present position has been by steady and uninterrupted steps, during a period of eighteen years. Commencing its existence one year before confederation, the *Monetary Times* has grown with the growth of the Dominion. It has proved the father, so to speak, of several other journals, and has served the public honestly and faithfully, and fully merits the success it has achieved.

ELECTRICITY IN COIN.—In spite of the greatest possible care, many of the pieces that are prepared for coins are either too light or too heavy. The first are remelted, and the others are filed away until they have the proper weight. These operations cause the loss of valuable material, and interfere with the sharpness of the impression. W. F. Chandler Roberts, chemist of the London Mint, employed an electric current in connection with suitable acid baths, in order to regulate the solution of superfluous metal, having ascertained that the quantity dissolved was exactly proportioned to the time, if the current was kept constant. He also provided, in a similar way, for the galvanic deposit of additional metal upon coins which were too light. In both methods provision was made for automatically breaking the circuit, when the right weight was reached. These processes cannot be applied at the London Mint, where the law directs that every defective piece, whether too heavy or too light, shall be remelted. They have, however, been used with great advantage at the Mints of Bombay and Calcutta.

Ex-Gov. REUBEN E. FENTON, of New York, died suddenly of heart disease on the 25th of August, in the office of the First National Bank of Jamestown, of which he was president. He was born in Carroll, Chautauqua County, July 1, 1819, and received an academic education. He studied for the bar, and began the practice of the law at Jamestown, but soon realizing that his talents lay in a different direction, he abandoned the law and engaged in mercantile pursuits. In these he was successful, and in a few years acquired a competency. He entered politics in 1843, and was elected supervisor of the town of Carroll, a position which he held for eight years. He was a Democrat at this time, although living in a strong Whig district. He continued actively engaged in politics, was a member of several Congresses. His change in party affiliations took place on the formation of the Republican party in 1854, and he continued to represent his district in Congress until his election in 1864 as Governor of New York. Four years afterward he succeeded ex-Gov. Morgan as United States Senator. Since ex-Gov. Fenton left the United States Senate the only high public trust that he had filled was that of Chairman of the United States Commission at the International Monetary Conference held in Paris in 1878. Since returning home from that, his second trip to Europe, he had traveled in all parts of the States, passing his summers with his family in this village. As President of the First National Bank he has occupied a leading position in the business community, and had been unsparing of his energies and means in advancing the social, industrial, and educational welfare of the community. His latest efforts have been put forth in a project to bring two new railways into this village. He was President of the village of Jamestown one term, and in every way filled to the utmost the requirements of the most prominent citizen.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from August No., page 151.)

No.	Name and Place.	President.	Cashier.	Capital.
3371	Ninth National Bank..... Philadelphia, PA.	John Dickey,	Charles H. Biles,	\$ 300,000
3372	Camden National Bank..... Camden, N. J.	Z. C. Howell,	I. C. Martindale,	100,000
3373	First National Bank..... Loup City, NEB.	Lee Love,	A. P. Cully,	50,000
3374	First National Bank..... St. Mary's, KAN.	Henry C. Linn,	John A. Moss,	50,000
3375	First National Bank..... White Sulphur Springs, MONT.	John Potter,	Jas. H. Moe,	60,000
3376	First National Bank..... Paris, ILL.	A. J. Baber,	Wm. Siebert,	108,000
3377	First National Bank..... Abingdon, ILL.	J. B. Mackay,	W. A. Latimer,	50,000
3378	St. John's National Bank..... St. John's, MICH.	John Hicks,	Galusha Pennell,	100,000
3379	First National Bank..... McCook, NEB.	Geo. Hocknell,	F. L. Brown,	50,000
3380	First National Bank..... Grant City, MO.	Calvin Tilton,	E. O. Sayle,	50,000
3381	Citizens' National Bank..... Danville, KY.	Jno. J. Craig, V. P.,	J. A. Quisenberry,	150,000
3382	Newnan National Bank..... Newnan, GA.	Chas. C. Parrott,	Jos. T. Kirby,	50,000
3383	Citizens' National Bank..... Washington, PA.	Geo. W. Roberts,	W. R. Baker,	100,000
3384	Harper County National Bank... Anthony, KAN.	P. Anderson,	Julius H. Anderson,	50,000
3385	First National Bank..... Anthony, KAN.	T. H. Stevens,	Lyman A. Walton,	50,000
3386	First National Bank..... Belleville, KAN.	Geo. S. Simonds,	E. H. Ambler,	50,000
3387	Moorestown National Bank..... Moorestown, N. J.	C. Lippincott,	Wm. W. Stokes,	50,000

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from August No., page 152.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
DAK....	Grand Forks... \$50,000	Dakota Investment Co.... Jas. H. Bosard, <i>Pr.</i>	..... Geo. A. Batchelder, <i>Cas.</i>
"	" .. Mitchell..... \$25,000	Security Bank..... M. H. Rowley, <i>Pr.</i>	First National Bank. John F. Kimball, <i>Cas.</i>
"	" .. Wahpeton.....	Northwestern Bank.....	.....
GA....	Newnan..... \$50,000	Newnan National Bank .. Chas. C. Parrott, <i>Pr.</i>	..... Jos. T. Kirby, <i>Cas.</i>
"	" .. Valdosta.....	E. B. Lewis & Co.....	Hanover National Bank.
ILL....	Abingdon..... \$50,000	First National Bank..... J. B. McKay, <i>Pr.</i>	Imp. & Traders' National Bank. W. A. Latimer, <i>Cas.</i>
"	" .. Farmer City....	John Weedman Bank .. Matthias Crum, <i>Pr.</i>	Kountze Bros. C. M. C. Weedman, <i>Cas.</i>
"	" .. Paris.....	First National Bank..... A. J. Baber, <i>Pr.</i>	National Park Bank. Wm. Siebert, <i>Cas.</i>
IND....	Jasper..... \$25,000	Dubois Co. State Bank.... John L. Forkner, <i>Pr.</i>	Ninth National Bank. Jas. M. Barton, <i>Cas.</i>
IOWA...	Clarinda.....	Iowa State Bank..... John Calhoon, <i>Pr.</i>	Hanover National Bank. I. J. Poley, <i>Cas.</i>
"	" .. Emmetsburg... \$350,000	American Investment Co. E. S. Ormsby, <i>Pr.</i>	Gilman, Son & Co. C. F. Bliven, <i>Treas.</i>
KANSAS.	Anthony..... \$50,000	First National Bank..... T. H. Stevens, <i>Pr.</i>	..... Lyman A. Walton, <i>Cas.</i>
"	" .. Anthony.....	Harper Co. Nat'l Bank... P. Anderson, <i>Pr.</i>	..... Julius H. Anderson, <i>Cas.</i>
"	" .. Belleville..... \$50,000	First National Bank..... Geo. S. Simonds, <i>Pr.</i>	..... E. H. Ambler, <i>Cas.</i>
"	" .. Bronson.....	Pinnell & Smith.....	.....
"	" .. Carbondale....	Commercial Bank (Chas. Clary).	American Exch. Nat'l B'k.
"	" .. St. Marys..... \$50,000	First National Bank..... Henry C. Linn, <i>Pr.</i>	..... John A. Moss, <i>Cas.</i>
KY....	Danville. .... \$150,000	Citizens' National Bank.. John J. Craig, <i>V. Pr.</i>	..... J. A. Quisenberry, <i>Cas.</i>
MICH...	Berrien Springs B'k of Berrien Spgs.	(Reeves, Patterson & Co.)	American Exchange Nat'l Bank.
"	" .. St. Johns..... \$100,000	St. Johns Nat'l Bank.... John Hicks, <i>Pr.</i>	Fourth National Bank. G. Pennell, <i>Cas.</i>
MO....	Grant City..... \$50,000	First National Bank..... Calvin Tilton, <i>Pr.</i>	American Exch. Nat'l Bank. E. O. Sayle, <i>Cas.</i>
"	" .. Ridgeway.....	Ridgeway Exch. B. (Miner & Frees).	Wm. A. Miner, <i>Cas.</i>
MONT ..	White Sul. Spgs. \$60,000	First National Bank..... John Potter, <i>Pr.</i>	Kountze Bros. Jas. H. Moe, <i>Cas.</i>
NEB....	Bertrand ..... \$50,000	Citizens' Bank..... J. H. Einsel, <i>Pr.</i>	National Park Bank. E. D. Einsel, <i>Cas.</i>
"	" .. Chadron.....	Richards, Bros. & Brown.	Fourth National Bank.
"	" .. Gibbon.....	State Bank..... Ira Holloway, <i>Pr.</i>	Kountze Bros. F. C. Hitchcock, <i>Cas.</i>
"	" .. Loup City..... \$50,000	First National Bank..... Lee Love, <i>Pr.</i>	..... A. P. Cully, <i>Cas.</i>
"	" .. McCook.....	First National Bank..... Geo. Hocknell, <i>Pr.</i>	Hanover National Bank. F. L. Brown, <i>Cas.</i>
"	" .. Oxford.....	People's Bank..... S. B. Person, <i>Pr.</i>	Kountze Bros. Elmer E. Davis, <i>Cas.</i>
N. J....	Camden. .... \$100,000	Camden National Bank.. Z. C. Howell, <i>Pr.</i>	..... I. C. Martindale, <i>Cas.</i>
"	" .. Moorestown.. \$50,000	Moorestown Nat'l Bank.. C. Lippincott, <i>Pr.</i>	..... Wm. W. Stokes, <i>Cas.</i>
PENN...	Philadelphia... \$300,000	Ninth National Bank.... John Dickey, <i>Pr.</i>	..... Chas. H. Biles, <i>Cas.</i>
"	" .. Washington... \$100,000	Citizens' National Bank.. Geo. W. Roberts, <i>Pr.</i>	..... N. R. Baker, <i>Cas.</i>
WAS. T.	Chehalis. ....	Coffman & Allen.....	Corbin Banking Co.
WIS....	Milwaukee..... \$200,000	Commercial Bank..... Edward R. Paine, <i>Pr.</i>	Continental National Bank. A. B. Geilfuss, <i>Cas.</i>

## CHANGES OF PRESIDENT AND CASHIER.

*(Monthly List, continued from August No., page 153.)*

<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY.—Fifth Avenue Bank....	A. S. Frissell, <i>Pr</i> .....	Jos. S. Lowrey.*
"    "    .. Merchants' Exch. N. B....	Jas. G. Cannon, <i>Cas</i> .....	A. S. Frissell.
COL.... Bank of Del Norte,	Phineas C. Lounsbury, <i>Pr</i> .....	Wm. A. Thomson.
Del Norte.	A. F. Middaugh, <i>Cas</i> .....	S. M. Janney.
ILL.... Lincoln Nat'l B'k, Lincoln....	F. B. Crocker, <i>Ass't Cas</i> .....	.....
IOWA... Commercial Bank,	J. A. Hudson, <i>V. Pr</i> .....	.....
Burlington.	John Patterson, <i>V. Pr</i> .....	E. H. Carpenter.
"    "    .. Citizens' Bank, Council Bluffs.	B. L. Saum, <i>Ass't Cas</i> .....	E. McKittrick.
"    "    .. Second Nat'l Bank, Dubuque..	C. R. Hannan, <i>Cas</i> .....	A. W. Street.
"    "    .. First National Bank,	J. K. Deming, <i>Cas</i> .....	Louis Boisot.
Fairfield.	B. S. McElhinny, <i>Cas</i> .....	George D. Temple.
"    "    .. First National Bank,	R. H. Hufford, <i>V. Pr</i> .....	B. S. McElhinny.
What Cheer.	Theo. Robinson, <i>Pr</i> .....	Jos. Keck.
KAN.... First National Bank, Abilene...	J. L. Mitchell, <i>Cas</i> .....	Theo. Robinson.
"    "    .. First Nat'l B'k, Great Bend...	G. W. Hurd, <i>V. Pr</i> .....	W. R. Dryer.
"    "    .. Woodson Nat'l Bank,	E. McBride, <i>V. Pr</i> .....	.....
Yates Center.	N. F. Follett, <i>Pr</i> .....	G. D. Carpenter.
"    "    .. Bank of Osage Mission.....	Chas. Jones, <i>Cas</i> .....	N. F. Follett.
KY.... Henderson National Bank,	E. A. Gardner, <i>Ass't Cas</i> .....	Chas. Jones.
Henderson.	Geo. W. Gittings, <i>Cas</i> .....	M. F. Farwell.
"    "    .. Bank of Louisville.....	S. K. Sneed, <i>V. Pr</i> .....	.....
MAINE.. First Nat'l Bank, Dexter.....	B. G. Witt, <i>Ass't Cas</i> .....	.....
MASS... Hingham N. B. Hingham.....	E. A. Hewett, <i>Cas</i> .....	Jas. P. Barbour.
"    "    .. Nat'l Grand B'k, Marblehead...	H. F. Derry, <i>Act'g Cas</i> .....	.....
MICH.. First National Bank, Romeo...	B. A. Robinson, <i>Cas</i> .....	C. N. M. Lincoln, A.
MO.... Farmers' Bank, Fairfax.....	David K. Phillips, <i>Pr</i> .....	H. F. Pitman.*
"    "    .. Franklin Bank, St. Louis.....	C. M. Tackels, <i>Cas</i> .....	H. O. Smith.
NEB.... Exchange Bank, Beatrice.....	J. H. Pinnell, <i>Cas</i> .....	G. M. Smith.
"    "    .. First Nat'l Bank, Seward.....	F. H. Krenning, <i>V. Pr</i> .....	A. Wipern.
"    "    .. First National Bank,	O. P. Fulton, <i>Ass't Cas</i> .....	C. E. Mitchell, <i>Cas</i> .
West Point.	W. E. Langworthy, <i>A. C</i> .....	.....
N. J.... Millville National Bank,	E. K. Valentine, <i>V. Pr</i> .....	.....
Millville.	R. A. Pollock, <i>Ass't C</i> .....	.....
N. Y.... Genesee Co. Bank, Batavia....	E. H. Stokes, <i>Pr</i> .....	L. Mulford.*
"    "    .. National Bank of Waterville...	H. Mulford, <i>Cas</i> .....	E. H. Stokes.
PA.... Nat'l Bank of Chambersburg..	Royal T. Howard, <i>Pr</i> .....	S. Masse.
"    "    .. Northern Nat'l B'k, Lancaster.	Daniel Conger, <i>V. Pr</i> .....	H. P. Bigelow.
"    "    .. Ninth Nat'l B'k, Philadelphia..	Sam'l M. Linn, <i>V. Pr</i> .....	.....
"    "    .. First Nat'l B'k, Stroudsburg.	John Evans, <i>V. Pr</i> .....	.....
RI.... Third Nat'l Bank, Providence..	Jas. E. Mitchell, <i>V. Pr</i> .....	.....
"    "    .. Producers' N. B., Woonsocket.	Frank H. Smith, <i>Pr</i> .....	R. S. Staples.
TEX.... Citizens' N. B'k, Weatherford..	David Saylor, <i>V. Pr</i> .....	F. H. Smith.
"    "    .. First National Bank, Taylor...	W. Gunsauls, <i>Cas</i> .....	E. A. Bell.
VA.... Norfolk Nat'l Bank, Norfolk...	Frank W. Gale, <i>Ass't C</i> .....	.....
WAS. T. Merchants' Nat'l B'k, Tacoma.	Sam'l P. Cook, <i>Cas</i> .....	Theo. M. Cook.*
WYO... First Nat'l Bank, Cheyenne..	H. P. Hilliard, <i>Cas</i> .....	W. F. Altfather.
	John P. Sturgis, <i>V. Pr</i> .....	A. Armstrong.
	C. W. Grandy, <i>V. Pr</i> .....	.....
	E. S. Smith, <i>V. Pr</i> .....	S. Wilkerson, Jr.
	T. B. Hicks, <i>Pr</i> .....	A. R. Converse.
	A. H. Swan, <i>V. Pr</i> .....	F. E. Warren.
	G. E. Abbott, <i>Ass't Cas</i> .....	T. B. Hicks.

\* Deceased.

## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from August No. page 154.)*

- COL.... Breckenridge... Breeze & Breeze; going out of business.  
 " .. Denver..... Colorado Loan & Trust Co.; will probably liquidate.  
 " .. Grand Junction. Bank of Grand Junction (S. G. Crandall); will close Oct. 1.  
 " .. Montrose..... Uncompahgre Valley Bank (McConnell & Burgess); now McConnell & McClure, proprietors.
- DAK.... Columbia..... Farmers & Merchants' B'k; sold out to First National Bank.  
 " .. La Moure..... Bank of La Moure (Robinson, Button & Co.); now Button & Moer, proprietors.
- ILL.... Abingdon..... People's Bank; succeeded by First National Bank.  
 " .. Farmer City... John Weedman; succeeded by John Weedman Bank.  
 " .. Paris..... First National Bank (1855); succeeded by First Nat'l (3376).  
 " .. Washington... Anthony & Denhart; now Henry Denhart & Co.
- IND.... Jasper..... DuBois County Bank; now DuBois County State Bank.  
 " .. Martinsville... J. M. Mitchell Bank; closed.
- OWA.... Britt..... Bank of Britt (C. C. Way & Co.); now J. D. Maben, prop.  
 " .. Dyersville..... Farmers & Traders' Bank; gone out of business.  
 " .. Persia..... B'k of Persia (W. U. Cochrane); now B. F. Freeman, prop.  
 " .. Scranton..... Bank of Scranton (Thos. P. La Rue); sold out to Robert Eason, who takes possession January 1, 1886.
- KY.... Danville..... First National Bank; succeeded by Citizens' National Bank.  
 " .. Greenup..... Greenup Deposit Bank; failed.
- MICH... Blissfield .... Gilmore & Co.; did not sell out to Jipson, Carter & Co., as reported.  
 " .. Detroit..... Vincent J. Scott; assigned August 10.  
 " .. St. Johns..... First National Bank; now St. John's National Bank.
- MINN... St. Paul..... W. A. Culbertson's B'k; closed. W. A. Culbertson deceased.
- MO.... Grant City.... Worth County Bank; now First National Bank.  
 " .. Lockwood..... Taggart, Lindsey & Co.; sold out to Pyle, Harris & Co.  
 " .. McFall..... McFall Bank (S. A. & W. H. Riggs); suc. by Farmers' B'k.  
 " .. Pleasant Hill... Bank of Pleasant Hill; bought out by Citizens' Bank.
- MONT... White Sul.Spgs. Bank of Meagher Co. (Potter, Moe & Co.); now First Nat'l.
- NEB.... Fairfield..... Fairfield B. (W. T. Newcomb); now Fowler & Cowles, props.  
 " .. Gibbon..... Bank of Gibbon; now State Bank.  
 " .. McCook..... McCook Banking Co.; now First National Bank.  
 " .. Talmage..... James Sweet & Co.'s Bank; now Bank of Talmage.  
 " .. West Point.... Elkhorn Valley Bank (Crawford, McNish & Graham); now First National Bank.
- OHIO... Hamilton..... Hamilton Bank; failed.
- PA..... Erie..... German Savings Institution; assigned August 17.
- TEX.... Fort Worth.... City National Bank; suspended.\*
- VA..... Suffolk ..... Commercial Bank; suspended August 1.
- CANADA. Harriston..... Sam'l Robertson & Son; failed August 3.

\* Mr. Cannon, Comptroller of the Currency, recently received a telegram from Bank Examiner Gilman, who is in charge of the City National Bank of Fort Worth, Texas, reporting that the bank is unquestionably solvent, and will resume business in a few days. The defalcation of Nichols, the former Vice-President, he says, will not exceed \$30,000, and his accounts are being rapidly reconciled.

## FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, AUGUST, 1885.

Opening, Highest, Lowest and Closing Prices  
of Stocks and Bonds in August.

GOVERNMENTS.	Interest Periods.	RAILROAD STOCKS.			MISCELLANEOUS.		
		Open- ing.	High- est.	Low- est.	Open- ing.	High- est.	Low- est.
4½, 1891.... reg.	Mar.	111½	112	111½	78	82½	77½
4½, 1891.... con.	Mar.	112½	113½	112½	18½	22½	18½
4½, 1891.... con.	Jan.	121½	122½	121½	9	15½	9
38, option U. S. reg.	Feb.	103½	102½	103½	48	52	47
68, cur'cy, 1891 reg.	Jan.	127	128	127	16½	24½	16
68, cur'cy, 1891 reg.	Jan.	131	131½	130	122	130½	121½
68, cur'cy, 1891 reg.	July.	133	133½	132	15	15½	15
68, cur'cy, 1891 reg.	July.	135	135½	134	66	75	65
RAILROAD STOCKS.							
American Cable Co.		65	61½	—	28½	32½	27½
Bank & Mer. Tel. Co.		43	46½	—	1	4½	1
Canadian Pacific		35	40	35	32½	36½	31½
Canada Southern		43	45	43	29	33	29
Clev. Col. & Ind.		36	37	36	—	—	—
Chicago & Northwest		99½	103½	97½	—	—	—
Do.		79½	82½	76½	—	—	—
Chicago, Mil. & St. Paul		10½	12½	10	—	—	—
Do.		24½	25½	23	—	—	—
Chicago, St. P., M. & O. M.		26	35	26	—	—	—
Do.		96	121½	119	—	—	—
Chicago, R. I. & Pac.		13½	138	129½	—	—	—
Chicago, Bur. & Quincy		137	132	132	—	—	—
Chicago & Alton		11	14	10½	—	—	—
Chesapeake & Ohio		6½	6½	6½	—	—	—
Do.		33	34	32	—	—	—
Central Pacific		102½	104½	98	—	—	—
Colorado		83½	85½	80½	—	—	—
Delaware, Lack. & West.		—	—	—	—	—	—
Delaware & Hudson Canal		—	—	—	—	—	—
RAILROAD STOCKS.							
Denver & Rio Grande		9	13½	8½	—	—	—
East Tenn., Va. & Ga.		4½	6½	4½	—	—	—
Do.		15½	18½	11½	—	—	—
Erie		—	38	31	—	—	—
Do.		—	17½	16½	—	—	—
Houma & Texas		131	134	129½	—	—	—
Illinois Central		40	49½	39½	—	—	—
Indiana, Bloom'g & Western		23½	25	23	—	—	—
Louisville & Nashville		71½	75	68½	—	—	—
Louisville, N. Alb. & Chic.		62½	68½	62	—	—	—
Lake Erie & Western		—	—	—	—	—	—
Long Island		—	—	—	—	—	—
Michigan Central		—	—	—	—	—	—
Mil. L. Shi. & West.		—	—	—	—	—	—
Do.		—	—	—	—	—	—
Morris & Essex		—	—	—	—	—	—
Missouri Pacific		92½	95½	90½	—	—	—
Missouri, Kansas & Texas		22½	26	21	—	—	—
Manhattan Beach Co.		—	—	—	—	—	—
Manhattan Consol.		—	—	—	—	—	—
Do.		—	—	—	—	—	—
Metropolitan Elevated		—	—	—	—	—	—
Memphis & Charleston		34	39	33	—	—	—
Mobile & Ohio		15½	20½	14½	—	—	—
Minneapolis & St. L.		30½	33	30½	—	—	—
Do.		7½	7½	7½	—	—	—
N. Y. Chic. & St. Louis		7½	101	95½	—	—	—
Do.		45½	52	43½	—	—	—
N. Y. Central & Hudson		21½	25½	21	—	—	—
N. Y. Lack. & Western		22½	24½	20½	—	—	—
Norfolk & Western		48½	51½	46	—	—	—
Norfolk & Western		—	—	—	—	—	—
Northern Pacific		—	—	—	—	—	—
Do.		—	—	—	—	—	—
Nashville, Chat. & St. L.		38½	40½	38	—	—	—
Do.		32½	34½	31	—	—	—
Ontario & Western		17	17	17	—	—	—
Ohio & Mississippi		100	100	100	—	—	—
Ohio Southern		83½	85½	80½	—	—	—
MISCELLANEOUS.							
Oregon Navigation		—	—	—	—	—	—
Oregon & Trans-Continental		—	—	—	—	—	—
Ohio Central		—	—	—	—	—	—
Pacific Mail		—	—	—	—	—	—
Philadelphia & Reading		—	—	—	—	—	—
Pullman Palace Car Co.		—	—	—	—	—	—
Peoria, Decatur & Evansville		—	—	—	—	—	—
Richmond & Danville		—	—	—	—	—	—
Richmond & Allegheny		—	—	—	—	—	—
Richmond & West Point		—	—	—	—	—	—
Rochester & Pittsburgh		—	—	—	—	—	—
St. Louis, Alton and T. H.		—	—	—	—	—	—
Do.		—	—	—	—	—	—
St. Louis & San Fran.		—	—	—	—	—	—
Do.		—	—	—	—	—	—
St. Paul, Minn. & Man.		—	—	—	—	—	—
Union Pacific		—	—	—	—	—	—
Western Union Telegraph		—	—	—	—	—	—
Wabash Pacific		—	—	—	—	—	—
Do.		—	—	—	—	—	—
Miscellaneous—		—	—	—	—	—	—
Express—Adams		—	—	—	—	—	—
Ches. & Ohio, series B.		—	—	—	—	—	—
Denver & Rio Grande 1st.		—	—	—	—	—	—
Lehigh & W. B. con. ass.		—	—	—	—	—	—
Metropolitan Elevated 1st.		—	—	—	—	—	—
Mo., K. & T. con. ass.		—	—	—	—	—	—
N. Y. C. & Texas 2d.		—	—	—	—	—	—
N. Y. C. & St. L. 1st.		—	—	—	—	—	—
N. Y. Elevated 1st.		—	—	—	—	—	—
N. Y. W. St. & W. con.		—	—	—	—	—	—
N. Y. W. St. & W. 1st.		—	—	—	—	—	—
Union Pacific 7th L'd G.		—	—	—	—	—	—
Union Pacific 8th L'd G.		—	—	—	—	—	—
Union Pacific S. F'd		—	—	—	—	—	—

## NOTES ON THE MONEY MARKET.

## A FINANCIAL AND COMMERCIAL REVIEW.

The month of August has been one of surprises, both in the business and natural world. Cyclones, tornados, unseasonably cool weather and threatened damage to the crops, have been the unfavorable conditions, while the unusually early improvement in business, and brighter prospects of fall trade, in part already realized, have been the favorable surprises. The latter were indicated very strongly in our last review as likely to grow out of the Trunk Line railroad settlement then under way. But the realization of the results of that change for the better were scarcely expected until the autumn. The effect of the return of confidence among the great railroad managers, together with the new basis they had laid for the same, and their readiness to invest largely in their own securities, upon that basis, which they had not been ready to do for two or three years, had become contagious, and spread to the manufacturing interests and the commercial community to a quite general extent; to a noticeable degree this has been seen both in the earlier and larger demand for goods for the fall trade than usual.

Not only has the July advance been held in the stock market, but the reactions that have since followed have been succeeded by renewed buying on each decline, until times are generally better than at the beginning of the month. Of course the market was not so active as on the July boom, but it was active for any August, and particularly for one in which so few people were in town as this year. From this, it seems that our predictions in last issue, that the July purchases had been made to hold for better times and higher prices, based upon the Trunk Line settlement, were true. Not only this, but they have evidently been largely increased during the past month, as the execution of the details of that settlement have progressed satisfactorily, until all have been carried out and acquiesced in unless the action of the State authorities of Pennsylvania shall interfere with the South Pennsylvania Railroad transfer to the Pennsylvania Company. Further than this the threatened opposition to the Vanderbilt schemes has not yet materialized; and unless there are new and unexpected developments regarding Erie, Jersey Central and Reading, in connection with the Baltimore & Ohio's determination to get into this city, there seems nothing in the way of carrying out the Pennsylvania-Vanderbilt offensive and defensive Trunk Line alliance. Indeed, it has been strengthened by the securing control of the Ontario & Western, on the part of Vanderbilt, since the acquiescence of the West Shore bondholders in his control of that road. The activity and strength of Jersey Central, Reading and Erie second mortgage bonds, noted in our last, have continued under the almost constant and heavy purchases of the same mysterious parties noted in our last. Opinion is about equally divided as to whether they are in the interest of the Pennsylvania Company, to secure control of Reading and Jersey Central, and thus shut the Baltimore & Ohio out of New York over their lines, or whether they are for the latter road to secure this entrance. In case the Reading and



Jersey Central were also included in the Vanderbilt-Pennsylvania scheme, and Vanderbilt is to turn over his large block of their stock to the Pennsylvania to help it secure control of those lines also, which is now the most generally accepted theory, then the belief is that the Baltimore & Ohio will form an alliance by which the latter road will use the Erie to enter New York. In that event, the large purchases of Erie seconds will, no doubt, prove to have been by the Baltimore & Ohio. Otherwise they are attributed to Vanderbilt, as well as a determination to secure every Western outlet from New York, except that of his ally, the Pennsylvania, and the Lackawanna. Should the Baltimore & Ohio be thus checkmated all around, it has threatened to build another line from Philadelphia to New York, which it, no doubt, will have sooner or later.

One of the first results of the Vanderbilt plans has been a restoration of local passenger and freight rates on both the New York Central and the West Shore, while through rates have been advanced, though not maintained, because of the cutting of the St. Louis lines, below the Chicago rate, eastward. This has kept the Trunk Line pool still in hot water, while the Northwestern pool has been torn with new dissensions consequent upon the extension of several of its members of their lines into each others' territory—notably the Chicago, Burlington & Quincy, the Milwaukee and St. Paul, and the Rock Island, which is now believed to have gotten control of, or arranged with, the Northern Pacific, by which each will get the other's business. This has been the supposed cause of the activity and strength in the Northern Pacific shares, while the Grangers have been weakened on the prospects of continued war, and also on the continued damage to the spring wheat crop, which was not only confirmed as given in our last, as a result of the July heat, but has been increased by the storms of the past month. The Southwestern pool has been reorganized for five years on a basis that is estimated to increase the net earnings of its members \$5,000,000 per annum, as the crops are all large in that section except that of winter wheat, and a few sections in Texas where cotton has been shortened by the August drought.

From the foregoing, it is evident that the conditions in the railway world insure a large increase in their earnings the coming year, as all the crops are now practically secured, and are all very large except the winter crops of wheat and hay and the spring crop of wheat. The total deficit in wheat will probably reach 125 to 150 million bushels, with 100 million surplus of old crop carried over, which will give a total supply of 450 million bushels, while 465 million bushels is an average crop. Corn will probably be a two-thousand-million crop with good weather in September, and oats also the largest crop ever raised, while we have already a 6,500,000-bale cotton crop, and with good fall weather another 500,000 bales will be added. Not only this, but stocks of all kinds in Europe are much below last year, no crops are above an average, while the amount of wheat on passage has decreased 8,000,000 bushels in the last month and other grains in proportion. This, with a deficit in the European oat crop, which is already giving a good export demand for American oats, will insure much larger exports of grain and of cotton than for 1884-5, and, consequently, employ the railroads much more fully in bringing our crops to the seaboard.

In fact, the increased activity in steel rails since these crops became assured, and in the demand from the roads outside of the winter-wheat belt for material for new rolling stock, is evidence of the good effects already of the crops on the iron market. On the other hand, country demand for goods has begun earlier for the same reason, and the additional one that merchants have not any stock on hand, while stocks in commission houses in this city have been materially reduced by country merchants' purchases in August, until the manufacturers both of cotton and woolen goods have not only advanced their prices, but have shown their confidence in the future by buying raw material more freely, as reflected in the cotton and wool markets for the past month. Indeed, the improved feeling in the railroad and agricultural world has been communicated by the contagion of returning confidence to nearly if not all our manufacturing interests, led by iron and followed by cotton and woolen goods, while the freer purchases of country merchants indicates that their confidence is fast returning to the commercial classes also, where it is the slowest to come, for the reason that the manufacturers demand a profit for future production, now that the over-stock is reduced, and to make it they must get the price of goods up or the raw material down. Hence, while there has been more demand for raw material, prices have not yet improved, and the dealers in such goods feel blue until they can also make a profit. For this reason the restoration of confidence is seen and felt much more generally and strongly outside of the commercial centers than in them. This is most true of the South, which is really buoyant over the prospects of fall trade, while the agricultural West comes next. Pittsburgh stands at the head in the improvement in the manufacturing interests, Philadelphia next, and the Eastern States generally, where preparation for a busy fall and winter have already developed into increased activity and employment. The commercial exchanges of this city and the trades dependent upon them are the bluest places now, because speculation is still dead, or, at least, is not active. The reason is apparent. The "swapping of jack-knives" between an army of middlemen who live off the producer or consumer in good times, has been carried on through this depression at the expense of themselves until their knives are all worn out and few of them have anything to trade on longer, and so they must either "lie off" on their friends until times improve, or "hang themselves up" on their creditors, as the people have no surplus money with which to speculate, and are employing all they have, and can get, in preparing for extending their legitimate business for a better fall trade. Hence, the blues on these exchanges are deceptive, for the speculators are not the useful members of the commercial body, and can be suffered to be starved into some useful calling with benefit to themselves and the community.

The general situation is, therefore, most decidedly improved this past month, and people are returning from their summer vacations with more courage and confidence and activity than has been seen in three years at this season. Indeed, there is a broad basis for their expectations in this extrication of the great transportation interests from the slough of despond into which they have been sinking deeper and deeper for three years, until the whole investing public was on the verge of bankruptcy. Now their feet are placed on solid ground again, and with them every other interest is lifted also. It used to be an unfailing com-

mercial proverb in this country that two successive good crop years brought good times. This is our second great crop year, and 1886 will see this country on the high way to prosperity again, with all the wheels of industry in full motion, and the unemployed labor and capital of 1885 absorbed in legitimate industry, instead of the speculative craze of 1878-79, stimulated by two years of big crops at home and of unprecedented shortage in Europe. Hence, the gradual decrease in the late abnormal bank reserve during all the past month and the expansion of loans by the banks were the most healthy signs of industrial recovery, and ones that should be encouraged both by the banks and the press, and not decried and exaggerated as omens of trouble ahead, either in the money market or in the condition of the National Treasury, as some of the opposition papers have attempted to make the public believe for party effect, as they have also done in regard to the improvement in the general business situation by calling it a "newspaper boom." Everything is now on a solid, healthy basis, since the trunk line railroad settlement has placed the railway property of the country on a self-supporting basis. Now is the time for banks and capitalists to help the legitimate industries of the country by loaning to and investing in them. There was never a safer time, or one that promised a more profitable return.

The only corporate securities that are yet subject to the result of a war of rates are those of the telegraph companies. The enormous amount of misrepresentation on one side, or both, of the two great rival telegraph systems of the country during the month, made public for their effect on the market for their stocks, is not believed to have been wholly for speculative purposes, although that is thought to have been the chief purpose on both sides. That both are tired of the war between them, and that the same pressure is being brought upon their managers by their stockholders on both sides of the Atlantic that was made on our railway managers prior to the trunk line settlement, is no doubt true, and that there have been negotiations to restore rates is believed; but where the terms could not be agreed upon, it is thought that the Baltimore & Ohio, in order to force a settlement on its terms, made the cut in rates. It is also stated on the street that one of the managers of that company, before doing so, went heavily short of Western Union at about 57@58, anticipating a break in the stock to follow the cut. This being learned by the Western Union magnates they advanced the stock to over 70, and it is claimed to force the Baltimore & Ohio stocks to cover. Hence the bitter controversy is said to have followed and been made public on both sides. Telegraph men, however, say that so soon as this speculation is ended there will be a secret understanding between the two rivals, by which rates will be restored, although there will be no public announcement of any agreement, and no consolidation of interests. This will remove the last disturbing influence from dividend-earning stocks and the stock market, except such as are controlled by the professional stock-jobbers, while the managers of these properties will be solidly arrayed on the bull side by reason of their increased holdings with enhanced earning power.

In the commercial markets there has been increased activity over July, though trade is by no means so nearly up to the old level as it has been on the stock exchange. The chief reason is, that for the most part these markets have retained their old bearish tendency, led by a break in wheat of

over eight cents, while the stock market has been a bull market, which is always the popular side in this producing country, where the great majority of interests lie; whereas in Europe the bear side is the popular side on American products, because the majority there are buyers or consumers.

Yet the break in wheat has caused greater activity by "shaking out" a good deal of "long" wheat bought at 8@10c. above the extreme decline, which has been encouraged by the great operators and the receiving interests in Chicago, in order to take hold of and move the new crop at low enough prices to be safe, and avoid the enormous losses of last year and the year before in moving the crop on a declining market. At the break, however, which many regard as the last on this crop to the late lowest figures, these great operators and some capitalists are said to have bought freely, and on this belief the shorts worked anxiously to cover on the last of the month and put the market up sharply and with greater buoyancy than has been seen on this crop. This is believed to show returning confidence in wheat, and to indicate that the worst is past in that great staple as well as in the railway interests. Exporters have not done much yet, however; but they always wait for lower prices until they are compelled to pay, when they always come in, as the indications are now they will, so soon as satisfied the market has rallied to stay.

Corn has been kept well up in spite of wheat, as the visible supply has been light and steadily decreasing, although receipts have increased. But a good home and fair export demand is likely to restore the price until new crop increases the supply. The talk of frost has not put prices up materially, because the frosts did not come to do any harm, and this cold snap past, the crop is likely to be matured before another could hurt it. Oats have gone off under free arrivals of new crop, yet no large break has occurred, because exporters stood ready all the time to buy at near our market, and there is prospect of a material export outlet this year for Europe. The hay crop here is not so large as expected, and this also has a steady effect on oats to take its place, and the same is true of its effect on corn, which will probably, together with the export demand, prevent an overproduction of corn and oats. The light receipts of live stock for August, especially of cattle, were not due to lack of supply, but to the employment of farmers in harvest to the exclusion of driving stock to market. This has kept prices from declining, and for a time advanced them till the latter part of the month, when receipts increased in all but heavy cattle, of which the supply will be large and increased by the removal of the herds by the Governments from the Indian Territory. Hogs have run moderately, both in quantity and quality, and the provision market has remained steady on a good southern demand for meats, and fair foreign demand for the fancy oats and lard. There is some appearance of manipulation of pork and perhaps ribs before the next packing season, after which the general impression is that the tendency will be lower, as in cattle, after the fall movement sets in.

Cotton has been advanced towards the close of this month, as it was last, by a bull clique, who hold the stock, and are able to squeeze a moderate short interest in August. Stocks here are ample but moderate in Europe, and no one dares yet to discount the new crop to any extent. The other

markets have been in the summer rut, from which they have not been aided as yet by fall trade. The exception is petroleum, which has been manipulated by the same bull clique that controlled the market in July. Developments have increased rapidly in the field since crude has staid above the dollar line, while exports are increasing and the trade is generally bullish on the statistical position, although the stock of oil is large enough at over \$1. The tobacco crop has been badly injured by hailstorms in small localities, and it may affect the market later.

The general trade situation is rapidly improving. Country buyers are more numerous in this market; they buy more liberally, and travelers report a better trade than a year ago, as the old fear of lower prices is now supplanted by anticipation of a gradual improvement of values and a greater demand, while stocks are low everywhere, and must be replenished to meet this demand. Business men are returning to the city earlier than a year ago, to catch the tide at its turn.

The reports of the New York Clearing-house returns compare as follows:

1885.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Aug. 7...	\$ 312,853,300	\$ 115,086,500	\$ 43,259,000	\$ 386,828,100	\$ 9,629,200	\$ 61,638,475
" 15...	314,940,600	114,611,600	42,004,100	388,239,300	9,649,000	59,555,875
" 22...	317,554,700	115,970,000	40,322,700	391,804,900	9,644,900	58,341,475
" 29...	320,112,500	115,655,000	39,040,400	391,140,600	9,684,200	56,910,250

The Boston bank statement is as follows:

1885.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Aug. 1.....	\$ 151,681,900	\$ 8,889,100	\$ 6,032,400	\$ 111,694,800	\$ 21,650,100
" 7.....	152,058,200	8,779,200	5,494,000	111,428,600	21,754,200
" 15.....	153,275,400	8,739,400	5,083,000	112,941,700	21,641,000
" 22.....	152,965,500	8,762,100	4,722,000	111,924,200	21,645,300

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1885.	Loans.	Reserves	Deposits.	Circulation.
Aug. 1.....	\$ 76,815,900	\$ 27,623,900	\$ 80,150,900	\$ 7,281,500
" 7.....	76,917,600	28,103,900	79,366,700	7,293,400
" 15.....	77,280,200	28,073,800	80,233,700	7,420,800
" 22.....	78,202,500	27,532,700	80,897,000	7,435,400
" 29.....	78,285,200	27,701,600	80,806,000	7,314,500

## DEATHS.

COOK.—On August 2, aged forty-six years, THEODORE M. COOK, Cashier of the Producers' National Bank, Woonsocket, R. I.

FENTON.—On August 25, aged sixty-six years, REUBEN E. FENTON, President of the First National Bank, Jamestown, N. Y.

PERKINS.—On August 26, JOSEPH PERKINS, President of the National Bank of Commerce, Cleveland, Ohio.

PIERSON.—On August 12, aged fifty-eight years, JOHN B. PIERSON, President of the Troy City National Bank, Troy, N. Y.

PITMAN.—On July 21, aged seventy-seven years, H. F. PITMAN, President of the National Grand Bank, Marblehead, Mass.

SCHUYLER.—On August 21, aged sixty-four years, JAMES H. SCHUYLER, Vice-President of the Farmers' National Bank, Amsterdam, N. Y.

THE  
BANKER'S MAGAZINE  
AND  
Statistical Register.

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VOLUME XL.

OCTOBER, 1885.

No. 4.

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THE BANKERS' CONVENTION.

The Convention of the Bankers' Association at Chicago was, in several respects, one of the most satisfactory ever held by the Association. Many of the papers were good, all were timely, and when they appear in print will, in our judgment, compare well with others read at former meetings. We have given larger space than usual to the work of the convention, believing that our readers who did not attend will be interested in reading what is here laid before them, while those who were present will doubtless be interested in reviewing what they have already heard.

The convention was more fully attended, we believe, than any former one. It is true that bankers from the east and middle States were few, but the representation from the West and Northwest was excellent. During both sessions the hall was well filled, and all appeared to be interested in the proceedings.

One reason for the better attendance is, that bankers are beginning to see that the Association can accomplish something. It is true that some bankers care but very little for it, maintaining that if any action of a legislative character is desired, it would be far better to work in other ways than through an association. Others, and especially some newspapers, regard the Association as an evil monster, whose only purpose is to injure the public for the especial gain of the banks. These journals have a kind of fear of the association, not warranted in any respect by its plan or power, or by what has been accomplished. In truth, of all the existing associations of men, this is one of the most innocent and harmless. No wicked

conspiracies are concocted by it. No descent of any kind on the public has ever entered into the thought of a member. Yet this fear continues, and because it does, bankers are to be found here and there who think that their interests would be better promoted in other ways than through organized association.

The unquestioned truth, however, is that the association has a large and useful work to perform, wholly outside the sphere of legislation. For ought we know, the legislation pertaining to National banks is quite as they would have it, certainly no important changes in the National banking law are desired or demanded. But there are many questions relating to the practice of banking which the Association can profitably consider. In many ways the practice can be greatly improved, and at these meetings the imperfections can be described and amendments suggested. A great many who are engaged in the business of banking in this country do not possess much experience; they are honest and well-meaning, and use their best intelligence in the administration of their trusts, yet, nevertheless, are not so well qualified as others who have been engaged longer, possess a larger experience, or who have had a better training. Now, at these meetings, bankers learn much, they have their eyes opened respecting many things. This is done not only through the papers read, but in conversation with one another. Though many themes have been handled during the ten years of the Association, a much larger number, especially of a more practical kind, relating principally to the work of banking, have hardly been touched. The Association has, doubtless, with good reason, kept its eye quite largely on public questions—silver, bank taxation, and the like. We are by no means certain whether if greater attention were paid to matters pertaining to the best banking, evils to be avoided, the work of the Association would not be more useful. Probably such matters would not interest the public so much, but would they not interest bankers more? A large number of topics readily suggest themselves in which bankers are always interested, and which would furnish excellent themes for discussion.

Moreover, the Association is doing a good work in the way of stimulating bankers to commit their thoughts to writing. Its value in this regard cannot be overestimated. The more they can be induced to write the better, for many of them possess a large and valuable experience, and rich thoughts, which the world needs. Thus, as the years multiply, the work of the Association grows, and its place in the world becomes better defined. Its progress, thus far, is indicative of greater things in the future.

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## CREDIT.\*

It would seem that the time has come when your Association may be justly congratulated on having safely passed the many perils inseparable from infancy and early youth. You have at least secured for yourselves a place among those associated bodies which are recognized as representative of national interests; and your yearly assembling is anticipated with more general and deeper interest as time goes on.

It is somewhat remarkable, when the banker's peculiar characteristics are considered, that your Society should have made so good a progress; because, more than men in most other occupations, the banker is inclined to stand apart from anything approaching identification with his fellow craftsmen. His business relations are generally local in their range, and if his immediate affairs go well he is inclined to be indifferent to trials or tribulations not his own. He feels, too, the propriety of reserving an exclusive jurisdiction over the matters for which he alone must be responsible, and is jealous, perhaps morbidly so, at any suggestion of interference from without. Rendered cautious, and even timid, by the influence of his business life, he hesitates before committing to any body of men, however respectable, the determination of his moral or legal responsibility. This well marked characteristic renders it impossible that the power severally exerted by individual banks and bankers shall ever be combined in any united movement either to oppress or antagonize any public interest. Those who formulated the articles upon which your Association rests had the wisdom to apprehend these peculiarities; and so you have been happy enough, while enjoying a reasonable bond of union, to retain your freedom from every responsibility you do not individually assume.

If this reduces your power to accomplish immediate practical results, it does not diminish, but tends rather to increase, the moral power you may exercise, and, therefore, does not abate in the least the gravity and urgency of the considerations which bring us together.

There is a widespread feeling that the laws of our commercial life are not sufficiently understood, and a growing belief that a more thorough comprehension of these laws will enable us to avoid many evils which past ignorance has invited. It is this sentiment that gives strength to your Association among bankers, and attracts

\* This paper is the address of Lyman J. Gage, President of the American Bankers' Association, at the recent Chicago Convention.



to it the support and sympathy of the public mind. There is also a quick public instinct which perceives that as bankers you have a large share in the direction of a force or influence which, next to the powers of steam or electricity, has been the most potent in promoting the material progress of the last half of the nineteenth century. The name of this power or influence is Credit. If it cannot claim place as a physical energy, it may be traced as an influence which has made physical energy effective to social ends; an influence without whose intervention and co-operation the great triumphs of mechanical forces would have been but half achieved. In a practical way it may be said that it is the office or function of Credit to secure the willing transfer of capital from points where it is least required to points where it is most required; from a possession where it lies inert and unproductive to a possession where it may be made fertile in new production; to withdraw it from the control of the indolent or unqualified and place it under the direction of the enterprising and energetic. If it does accomplish these results it is entitled to recognition as an economic influence of the highest importance. Thus, through the agency of Credit, there has been brought to the great work of railroad construction, partly from the savings of our own people, and partly by contributions of capital from abroad, the great sum of \$ 3,700,000,000, as evidenced by the existing bonded debt of our railroad corporations. In a hundred other ways Credit has aided in subduing the wilderness, making it fit for the habitation of civilized man; it has dotted our prairies with school-houses; it has bridged difficult rivers; it has built cities, and if fire has destroyed them the beneficent influence of Credit has brought new millions to the work of reconstruction. The almost magical restoration of the city where you are to-day assembled is the most eloquent witness of the last proposition. In our late civil war it gave to the promises of the Government a power sufficient to bring into the public treasury a total in value of about \$ 3,000,000,000 to be swallowed up and forever lost in the destructive vortex of war.

And while credit has been thus effective in the work of general development and national preservation, it has been and still is no less valuable and no less essential in the ordinary conduct of our commercial and industrial affairs. Let us glance at some of its operations along this line.

The pioneer farmer in Dakota, by the help of advances from his local banker, sows a broader area and reaps an increased crop. His wheat, when harvested, is sold by him to the local dealer, who forwards it to the larger market, assisted by credit facilities his own banker is ready to furnish. At the commercial centre the grain is bought, it may be by the foreign shipper, who obtains

the means of payment from the city banker, giving the latter his draft at sixty days upon his correspondent abroad, for the payment of which he pledges the bill of lading as security. Arrived upon the other side of the Atlantic, the foreign correspondent, with the help of advances from his home bank, obtains possession of the grain and discharges the draft for which the shipment stood pledged. The distribution of the grain thenceforward to the final consumer is accomplished by a system of credit operations not essentially different.

This is a mere illustration of what is daily going on, not from Dakota nor from the Northwest alone or especially, but from every State southward to the Gulf and eastward to the Atlantic; and it may apply to the product of the factory as well as to the product of the farm.

But this is only half the picture. While the products of our farms and factories are thus distributed beyond wide oceans, a reflux wave, pushed forward by the same agency of Credit, comes hitherward, bringing to us desired products of other lands. Observe the magnitude of this movement. For the year ending June 30, 1884, there were exported from our shores American products (exclusive of specie) to the value of \$740,513,000. During the same period there were brought in from abroad foreign products to the value of \$667,697,000. Against this large aggregate of shipments by us, we received in money from abroad only \$37,426,262, or about *five per cent.* of our sales; and in settlement of our purchases of six hundred and sixty-seven millions, we sent out in specie only \$67,133,383, or a little less than ten per cent. of our purchases. No extended explanation is needed to show that this great interchange was accomplished through credit instruments which nearly offset and cancelled each other.

I will not detain you with any statement concerning our domestic trade and exchanges, larger and more important as the subject matter of such a statement would surely appear. The Clearing House returns at our commercial cities show plainly the preponderating influence of credit instruments in this domestic movement as well as in our foreign trade, and need no comments to emphasize them.

Indeed, the potency which I have claimed for Credit has been generally, even somewhat blindly admitted; and there exists a certain confusion of thought which beguiles multitudes into ascribing to Credit and credit instruments, qualities which they do not possess, qualities which belong to Capital alone. It is the function of Credit to *transfer* Capital, and to that subsidiary office it is strictly limited. The many instruments of Credit which time and usage have developed, now known under the name of bonds, notes, drafts, checks and bills of exchange, are none of them, nor all of

them together, any absolute addition to the stock of wealth. In the hands of the holder they serve as evidence that he has parted with some form of capital to another; and in too many instances they are the melancholy evidences that he has parted with it forever.

The same criticism will apply with equal force to paper money, whether known as National Bank Notes, or as the much revered "Greenback." Both are credit obligations pure and simple. They are not of value, except as a promise may be of value, and the value of any promise, however sacred, does not lie in itself, but in its relation to the thing promised. The fact that these various instruments are generally and freely accepted in exchange for property and labor does not affect these considerations. The fact that they are so received, simply measures the general confidence, that the thing promised will be forthcoming when required.

But it should not be forgotten that the difference between the promise of a thing and the thing itself is as great in kind as is the difference between the evidence of a fact and the fact itself. The misapprehensions I have hinted at lent a false color to the wild theories of the late advocates of a "fiat currency," and gave a plausible character to their sophistical arguments. The same misapprehension has induced legislative bodies to group together as equally proper objects of taxation things themselves, and the promises or expectations of things.

As bankers, we are at once the recipients and dispensers of the power credit furnishes. As recipients of it we are under immediate liability to that great body we call our depositors, for an enormous sum. The aggregate of such liability by the banks of the United States, including Savings banks and trust companies, is about \$2,-800,000,000.

As dispensers of credit, the same body of banks holds claims against the people to the extent of nearly \$2,500,000,000. They hold invested in bonds of the United States, between five hundred and six hundred millions, and in other bonds and securities, about \$440,000,000. A bank has been justly compared to a reservoir. Into it there flows the idle or unused capital and credit claims of the community, and this accumulation, or a judicious portion of it, flows out again as loans or advances which invigorate and carry forward the movement of trade and industry.

The service so rendered is a real and a vital service to the community, and in its benefits the most humble member shares.

Transportation statistics give us the movement in tons of provisions and grain, but they are silent as to those instruments of credit passing through banks, by which the movement of grain and merchandise is effected. If this propulsive force of credit should be suddenly withdrawn, the movement of products would cease, or be-

come so restricted as to bring want and suffering where comfort and plenty now abound.

If, then, this agent or influence we call credit accomplishes such advantageous results, it is certainly wise to study the conditions which favor its action, and clearly comprehend, if we can, the dangers, if any there be, which naturally lie in its use. To these I can scarcely more than allude.

Among favoring conditions there may be named four, in a high degree important:

1st. A well-conducted and orderly State, where life and property find safeguard under the faithful enforcement of law.

2d. A general intelligence and a generally developed moral sense sufficient to enforce in the average individual the dictates of honor and good faith.

3d. A condition of industry and trade which offers fair reward to those who engage in these pursuits.

4th. A lawful currency or money standard endowed in the highest possible degree with the quality of unvarying or uniform value.

I will not delay you with any enumeration of the many hazards incurred, not only by the individual who gives, but also by the individual who receives credit. The general danger to the commercial system in its use lies chiefly in the tendency to raise prices, encourage speculation, and create an appearance of prosperity often delusive. When this tendency has free course, credits are multiplied, new and not always needed enterprises are developed, prices generally advance, the rate of interest is temptingly remunerative, and the wages of labor rule high. But every movement so inaugurated, if not interfered with by accidental circumstances, comes sooner or later into collision with limits which it cannot pass, and by a shock more or less severe and disastrous, the community is again brought into obedience to those laws which it had thus blindly endeavored to supersede.

Is it not quite plain to observation that we are just now in such a reactionary period?

A little more than a year ago the disclosure of shocking faithlessness in certain men conspicuously active in the very center of credit influences, bankers of long experience, in whose name the country had come to place great confidence, produced a widespread distrust. It was the interfering of circumstance, of shameful circumstance, which put an abrupt end to an advancing movement, or possibly precipitated a reaction which had already begun. Confidence, the basis of credit, was lost from the mind of both the lender and the borrower, the seller and the buyer. The creditor class made hasty efforts to realize upon all questionable claims, and the most capable of the debtor class were urgent to bring their liabilities into narrower and safer limits. In this voluntary and

forced liquidation, prices of all commodities were reduced, and great losses were suffered.

Many whose margin of capital was insufficient were obliged to succumb, and their failure gave an additional impulse to the depressing tendency. The incidental and collateral influence upon industrial enterprise and its coadjutor, labor, was inevitable.

It is probable that this losing process of liquidation has nearly or quite reached its end, and that we may now go forward upon the safe level of moderate prosperity, even if we do not immediately ascend the intoxicating heights to which many impatiently aspire.

If I understand it aright, it is the aim of your Association to promote a better understanding of these forces amid which the banker's responsibility exists; to do what you may to guard yourselves, and the public as well, from the dangers which credit may involve, and at the same time to promote, so far as you can, the favorable conditions under which this powerful auxiliary force may be safely exercised.

I have named as an important condition requisite to the advantageous operation of credit, a lawful currency or standard of money endowed in the highest possible degree with unvarying or uniform value. Unfortunately, at this very moment our industrial and credit system, injured as we have seen it to be, and struggling, as it is, for new and healthy adjustment, is held back by the threatened invasion of a money standard to which this description will not apply.

It is not proper for me to anticipate a discussion which will justly claim an important share of your attention. You are all aware that the issue between gold and silver as the ruling money of account in our domestic trade and exchange cannot be much longer delayed. The course of Government action in the continued coinage of silver is carrying us rapidly towards the silver basis. In fear of this result, enterprise hesitates to embark in new undertakings; business languishes, and the expectant or waiting attitude is everywhere observable.

A wise lawyer once said that the wisest acts of legislation had been those which repealed some previous act of legislation; and I, for myself, do not hesitate to affirm that the immediate repeal of the Silver Coinage Act would be a most timely illustration of the truth of his maxim.

I have named as a condition favorable to the beneficent operation of credit agencies, a general intelligence and a generally developed moral sense sufficient to enforce in the average individual the dictates of honor and good faith. The time may never come when these high sentiments will meet with no betrayals; but as society must more and more depend upon their general observance, he who proves false to them will deserve, and society should see that he receives, a heavier punishment.

The web of mutual advantage woven by the genius of credit involves all society in a mutual interdependence. The faithlessness of any individual, however humble his station may be, injures the fair fabric; but the dishonorable and treacherous action of him who is entrusted with a place of large financial responsibility must have the character of a public calamity.

The several disastrous bank failures recorded within two years past have nearly all occurred through the inexcusable ignorance, the appalling recklessness, or the deep criminality of those whose duty it was to administer intelligently and honestly their solemn trusts.

We may justly repudiate any suggestion that bankers are peculiarly weak or wicked above other classes of men. We may, indeed, claim for them an exceptional distinction for probity and honor; but the few departures from rectitude afflict us all with their evil results, and we may wisely consider how these departures may be rendered less frequent, if not entirely prevented. Whether the remedy lies in a more thorough supervision by Government agency, whether added punitive legislation is needful, what, in short, is the true way toward reform, are questions which lie within the legitimate scope of your inquiry. It is certain that your own interest involves the careful consideration of these grave problems, and it is a duty which the public may rightly expect you to undertake.

I regard it as a happy augury for the future that this Association exists. Rightly conducted, it must be fruitful in good results. The day is coming when great economic questions may be considered and discussed without disturbance from the passions of political partisanship. Bodies like this have an interest only in knowing the truth and promoting its spread. We have a country capable of sustaining a population of two hundred millions. To what extent peace, safety and general comfort shall be the heritage of this incoming tide will depend upon the degree in which the true and irrevocable laws of economic life are understood and obeyed.

And therefore it is that this Association and bodies akin to it in general purpose and aim do give to the present and to future years a justifiable hope of a substantial, increasing and permanent good.



## AMERICAN RESOURCES.

A city contemporary (the *Evening Post*) says, on the authority of a gentleman recently returned from a journey over the Southern Pacific Railroad in California, that the London *Telegraph* proprietors purchased not long ago (probably at a song price) 50,000 acres of desert land in the south-eastern part of the State, for the sake of the cactus which grows so abundantly on lands of that kind, which are very extensive in California and the adjacent States and Territories. The pulp obtainable from the cactus can be converted into such paper as the *Telegraph* is printed on. The statement is even made that it is already using paper made out of the raw material from its new purchase. That statement may be premature, but there seems to be sufficient authority for believing that London purchasers were found for a tract of cactus land on our far-off Pacific Coast, and that implies careful calculations that the cactus pulp would bear the expense of transportation to England, and still be at least as cheap a raw material for paper as could be procured from any place by British enterprise and commerce, which leave no part of the world unexplored. It goes without saying, that if the American cactus can be economically used as raw material for paper in England, with the burden of a long transportation imposed upon it, it must be a still more available material here for the same purpose.

Near to the 50,000-acre desert-land purchase of the London *Telegraph* is an 800,000-acre tract of similar land which the Southern Pacific Railroad expected to obtain under its land grants, but which the Commissioner of the Land Office has recently ruled not to be covered by those grants.

The limits of the Great American Desert, as they appeared on the maps of sixty years ago, have been amazingly shrunken since, by discoveries that some of these lands, reputed to be hopelessly barren, do, in a state of nature, produce grasses which support animal life in great abundance; that others will support the class of vegetables having tap roots long enough to reach moisture; while others can be supplied with water by artificial irrigation. Gen. Fremont, in his reports, about 1840, said that the fact of the Great American Desert existed, but with "large exceptions." His reports of the fertility of parts of California brought down upon his head the maledictions of those settlers who saw those lands for the first time in the condition of being parched up in the dry season, and some of them wrote letters, published in the Atlantic States, that if he could be caught out there, he ought to be, and would be,

strung up to the first tree. They would have made the same mistake of pronouncing New England uninhabitable, if they had first seen it in a state of nature in January. They got over their mistake in California after seeing the bloom, verdure and fruits of the rainy season.

Sixty-five years ago the United States land surveyors reported Michigan to be substantially unfit for settlement, the southern parts being a hopeless swamp, and the northern parts being pine barrens. Michigan was popularly regarded as a comparatively worthless region as late as 1832, when Maine rejected with indignation an offer by Gen. Jackson of 3,000,000 acres in Michigan, if it would assent to the award of the King of the Netherlands, that Maine ought to surrender that number of acres in the north-eastern disputed territory.

Great as the known resources of the United States are, those not yet known are undoubtedly vast, and how vast, time only will show. Prince Gortschakoff said, not a great while ago, that "*Russia, like the United States*, contained everything within itself." The policy of nations ought always to be, and generally is, determined by their particular situation, and nothing can be more clear than that in this country, with its vast territorial extent, and wide range of latitudes, climates and production, the development of home industries and home trade is indicated as the chief and almost exclusive duty of statesmanship. The things are exceedingly few, and none of them of prime importance, which cannot be produced here with as little expenditure of labor as anywhere else, and so long as no greater amount of labor here is required in any particular production, the fact that higher wages are required to be paid is something to be glad of, rather than to be complained of.

It is only within three or four years that we have ceased to hear that we could never produce copper of our own as advantageously as we could buy it of the Chilians. For a long time the Lake Superior copper mines were the *bête noir* of the American honorary members of the British Cobden Club. David A. Wells, who, with a wonderful abundance of figures, has a wonderful paucity of genius, was always depicting the folly, waste, and loss of dealing with our own producers of copper, instead of with the South American producers. All this is changed now, and even Wells is silenced, since the firmly-maintained policy of protection has so developed copper production, not only on Lake Superior, but in other parts of this wide country, that we export the article, and sell it in England in competition with all the world, Chili included.

In the same way, and to some extent down to the present time, we have been told that there are several kinds of wool which we cannot advantageously produce in this country. Not unfrequently we find manufacturers and (so-called) experts rushing into print to



show, by bewildering arrays of figures, that it is only a few grades of wool that we can succeed in growing. No man of resolute judgment, accustomed to exercise his own common sense, will believe for a moment, no matter how many experts may declare to the contrary, that this vast country, stretching from Canada to the tropics, and from ocean to ocean, cannot, in some part of it, produce every kind of wool with as little labor as it costs anywhere. Furthermore, everybody knows that our natural and artificial facilities make the internal transportation of wool, from the places of its production to the places where it is consumed, as cheap as it is anywhere, and also that those facilities are being increased more rapidly than anywhere else. Wool, like iron, supplies an essential want. The home production of both is demanded by National independence, and it is most fortunate for us that our natural capacities for producing both are absolutely unlimited.

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### THE FUTURE MONEY.

The rapid payment of the Government bonds has caused, during the past few years, a rapid contraction of the bank-note circulation, which last year amounted to twenty-four millions of dollars, and, as has been estimated, will during the present year amount to forty millions, for during the year the charters of 720 National banks, having a circulation of \$10,748,415, will expire. Some of the banks will change their form and organize under State laws, and thus entirely wipe out their circulation, while nearly all will reduce their circulation because of the high price of the Government bonds. This contraction will continue more rapidly in the future, because a larger proportion of the bonds that fall due belong to the banks, and will be paid unless there is legislation to prevent it.

Among the various schemes which have been proposed by which the issuing of money might be more profitable to the banks and thus induce them to keep up their circulation, is the recommendation of the late Secretary Folger, that the banks be allowed to issue ninety per cent. of the market value of the bonds and that the circulation be free from tax.

The McPherson bill, which attracted wide attention in a recent Congress, had, as its essential provision, that the banks be permitted to issue notes to the par value of the bonds. Other bills have been proposed, similar in their provisions, yet, on the whole, inferior to those cited above. All, however, were merely temporary measures. None aim to meet the emergency contemplated by pay-

ment of the entire National debt, which is being rapidly diminished.

It has also been proposed that foreign bonds, or local municipal, or other bonds, be substituted for the maturing Government bonds. This scheme would find a serious objection in the fact that the bonds desirable for banking purposes would command too high a price for the basis of profitable circulation, while the cheaper bonds would not furnish proper security for note holders. They are too transitory, local and fluctuating in their value to furnish the support of a great monetary system. They have been tried and found wanting. They give way just when stability and security are most needed.

I shall notice, and briefly only, another alternative suggested, which is a direct issue by the Government. That the Government can, with a considerable gold reserve, issue a limited amount of absolute paper money, none can deny. Such is the case with our own "greenbacks," redeemable in gold, and of which we have about \$346,000,000 at present. But I believe it would be unwise to increase this class of paper money. Beside other objections, it is placing at the caprice of Congress a dangerous power. There is no knowing when this body, influenced by public clamor or partizan zeal, might increase or decrease the volume of this money.

Our bank circulation in this respect is vastly superior to a Government issue, because the amount of the issue is kept within proper limits by the working of various causes which grow out of the laws of trade, and hence are beyond the control of legislatures or of any one class of men. Capitalists under this system put their money in banks of issue so long, and only so long, as it is profitable; when it ceases to pay a fair profit they withdraw it and send it elsewhere to earn a larger profit. So of the future currency; it should be a currency which may be increased or decreased in accordance with the natural wants of trade.

Again; it has been proposed, in order to prevent the further contraction of the currency, that bonds running for fifty years at two per cent. be issued in place of the Government bonds as they mature. The objection to this plan is that it means the time-extension of the National debt which the people are in favor of paying now. They read with keen delight the debt statements which appear from time to time showing its rapid decrease. And I believe it is sound policy to reduce this debt irrespective and regardless of the National banks or their circulation.

What will be our currency when this large proportion of the public debt is paid and the circulation consequently contracted, and what will be the currency when the *entire* debt is paid? Some other paper currency must be devised to take the place of the bank note retired. I say paper currency, because the trading public

will have it in preference to coin, as it is more convenient and portable.

I believe the bank circulation, as it at present stands, embodies the right principles, the combination of public credit and private capital, convertibility and nationality. The present greenback circulation of about 346 millions of dollars might remain undisturbed, but for every paper dollar issued beyond this limit there should be an actual deposit in the Treasury, gold or silver, either in coin or bullion, to the full face value of the paper currency.

Its fluctuations would then coincide with the fluctuations of specie had not the paper currency been issued. The Bank of England furnishes a parallel to the above. Since 1844 there has been a fixed amount of bank notes, amounting to £15,000,000, not backed by a coin reserve. For every pound issued in excess of this amount there must be an actual deposit of coin. Thus the paper currency has varied only as the deposit of coin has varied. This bank has, with but two exceptions, abided vigorously by this rule, and has issued paper currency only equivalent to the intrinsic value of the coin deposited.

The future currency will consist, as it does now, of coin and paper. Gold for the larger international balances; silver for the smaller every-day transactions, and paper for the larger domestic transactions. It must be a National currency, circulating with equal facility in all parts of the Union. No State banks with "wild-cat currency" will be tolerated. It must have a metal basis, must be equal to and convertible into coin, and its volume subject to the control of the natural laws of trade.

To meet the contraction in the circulation of the National banks during the period from the present to 1900 permit me to suggest the following. Within this time there will fall due, and, we may say, be paid, all the bonds, amounting to \$408,814,012, maturing in this period. This includes all the Government bonds except the fours of 1907. If silver be continued as at present at the rate of two millions of dollars each month, let the dollars be of full face value, or better, let the silver be deposited as bullion in the treasuries and sub-treasuries of the United States, and let silver certificates be issued thereon equivalent in value to the market value of the deposited silver. By the year 1900 there would be 360 millions of dollars' worth of silver coined or deposited, the certificates would take the place of the bank currency withdrawn by the expiration of the bonds.

As to the bonds maturing in 1907, seven years later than those spoken of above, it might be practicable to extend this part of our indebtedness, say ten years, and make a fifth of it due every two years, issuing for these retired installments gold and silver certificates for bullion in any amount deposited. At the present rate of

silver coinage alone, in 1907 two-sevenths of the bonds might be supplemented by certificates of deposit or the actual deposit.

In conclusion, the future paper currency must be based on metal, and must be of full face value, it must be National, convertible everywhere at the will of the holder, fluctuating only as the coin it represents fluctuates, and its volume subject only to the law of supply and demand.

P. S. WEBSTER.

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### THE FALL IN SILVER.

At the beginning of last January the London price of silver was 50d. per ounce of English standard silver. The range of the extreme occasional variations for the six preceding years had been from 49d. to 52d., but the most common price during that period had been 50d., or close to it.

In January a fall commenced, culminating in the early part of last month in what is described in the English papers as a "panic" in the Indian exchanges. The London price on the 19th of September was  $47\frac{1}{4}$ d. per ounce, recovering soon afterwards to  $47\frac{1}{2}$ d.

A city contemporary, the *Evening Post* of September 17, observed—

It is not easy to divine the causes of so rapid a fall, but it is probably due mainly to apprehensions of a suspension of coinage in the United States and of a disruption of the Latin Monetary Union, and of demonetization in Holland. The great decline in 1876 was certainly due to apprehensions of general demonetization in Europe, for when these apprehensions were dispelled, the price quickly recovered.

On that view of the causes of the decline we shall soon know whether it will make further progress or be checked where it is, or be partially or wholly recovered. Whether the present Congress will stop the coinage of silver dollars in this country without substituting any other mode of using silver as money, will be determined during its session commencing in December. Whether the Latin Union will be disrupted by a failure to extend the treaty upon which it rests, must be determined by the 31st of December, when the treaty expires, and will, in all probability, be determined during the present month. As to a Dutch silver demonetization, the Dutch Chambers passed about a year ago a law authorizing the executive to withdraw twenty-five million florins of silver—or \$10,000,000—if that should become necessary to prevent a difference in value between gold and silver coins. The existence, or even exercise, of that authority can hardly be said to amount to a demonetization of silver. If anything beyond that is being agitated or contemplated in Holland, we are not aware of it.

A stoppage of the coinage of rupees in India would take away a

very large market for silver, and it is possible that the apprehension of such a stoppage, as a consequence of a continued low price of silver, may have aggravated the recent fall in it in London. It is known that in May, 1879, when the London price was 50d., the British Cabinet had before it an application of the India Government to stop the rupee coinage, and that the adverse decision of that Cabinet was not announced until the day after Bismarck ordered the suspension of the German sales of silver. That circumstance naturally caused some persons in England to believe that if that order of Bismarck had not been issued, the stoppage of the rupee coinage would have been authorized at that time.

Englishmen, and especially such of the English owned banks as transact business and employ their capital in India and China, desire, because they would profit by, the stoppage of the rupee coinage, which, if continued long enough, would restore the old relation of ten rupees to the pound sterling, and thus increase the value of all debts and obligations payable in rupees. But as an offset to that influence in England in favor of the stoppage of the rupee coinage, the preponderance of British opinion seems to be in favor of the theory, which is universally accepted by public men in France, that a fall in silver relatively to gold stimulates the exports of Indian produce of all kinds, and the English naturally prefer to buy cotton and wheat in India rather than in the United States.

Of course, the stoppage of the rupee coinage, which is a matter entirely in the hands of the British Cabinet, while it would raise the value of the rupees already coined, would cause a very considerable further depression in the gold price of silver bullion. It is easy to see, at this distance, some of the considerations which will determine the action of the British Cabinet in the case, but among the considerations which will finally govern it, there are doubtless others which we do not know, or imperfectly understand, on this side of the Atlantic.



## FINANCIAL FACTS AND OPINIONS.

On the New York Central Railroad, according to the last annual report, the net earnings per mile on passengers carried, fell from .73 of a cent per mile in 1880 to .52 of a cent in 1884, and on freights per mile from .33 of a cent per ton in 1880 to .21 of a cent in 1884. The shrinkage of passenger net earnings has been substantially steady and regular during the four years, but nearly all the shrinkage in freight net earnings occurred from 1880 to 1881.

Of the 166 millions sterling of investments in 1884 by British Life Assurance Companies, seventy-four millions were in mortgages, and the proportion of mortgages has varied very little during the last four years.

The petroleum yield of California is steadily increasing, and it is stated at 160,000 barrels in 1884, which makes it next to Pennsylvania and New York in that production. 160,000 barrels are, however, not equal to the home consumption of the State, which imports 100,000 barrels from the Eastern States. Many persons in California believe that it will before long have a surplus for export. If it does, it has the advantage in expense of freights over any other competitor, in supplying the markets of Japan and China.

The State census of Colorado, just taken, shows a gain in population during the five years since the last National census from 194,327 to 243,940, or about 25 per cent. The farming and manufacturing interests have about doubled in the same time, the farms having increased from 4,506 to 8,474, and the manufacturing establishments from 550 to 1,004. Colorado has in abundance three of the most important raw materials for manufacture—iron, coal and wool—and is in close proximity to, and has good railroad connections with, the best parts of our cotton-raising region. What is desirable in this country is the diversification of the industries of all sections of it, so that producers and consumers may be brought together, and the cost of transportation and the charges of middlemen be thereby reduced to the lowest possible minimum.

The report for the year 1884 by the British Inspector-General in Bankruptcy shows a large decline in recorded bankruptcies, as compared with previous years. There was a new British code of bankruptcy enacted in 1883, under which there is generally believed to have been a marked increase in the private settlements between bankrupt debtors and their creditors. The London *Economist* expresses the opinion that, taking together the cases of bankruptcy arranged in the courts and by private adjustment, there has been, upon the whole, a decrease, and assigns as a reason, "that when de-

pression is prolonged, trade accommodates itself more and more to the altered conditions, and insolvencies diminish."

The Paris Councils have decided to spend 250 million francs on city improvements during the coming ten years. Heretofore such improvements have been made out of loans, with the interest provided for out of *octroi* duties which fall on consumption, thus letting off scot free the owners of the lands and buildings, whose rents were enhanced by the improvements. There is now a violent contest over the question of who shall pay. At a meeting, August 8, of the Councils, the owners of real estate got a vote of 37 to 30 in favor of their plan of borrowing and saddling the interest on the *octroi* duties, but after their friends had principally left, a vote of 40 to 1 was obtained that a tax of one mill should be assessed on all lands and houses. This vote may possibly be reversed hereafter, and certainly will be if the proper appliances are resorted to.

The London *Economist*, of August 15, reviewing the prospects of the English money market, says that there is no prospect of any increased demand from improvement in trade, but that money will be wanted for harvesting, and that "later on the general election will cause an expansion of the internal circulation of notes and coin." This can mean nothing else than that money is to flow in copious streams, to keep up the patriotism of the people in the impending struggle between the Whigs, Tories and Radicals.

The British exports of silver (at gold value) to India in July last were £756,100, as compared with £452,002 in July, 1884. To China (including Hong Kong) they were £277,079 during the seven months ending July 31, as compared with £381,411 during the corresponding seven months of 1884. The Chinese imports of silver from all quarters is small, and not increasing. Its power to pay for silver has been lessened by the losses of its late war with France, and by the low prices of teas and raw silk, which are the principal articles which it exports. A report of the British Inspector-General of Customs upon the trade of the Chinese treaty ports says that "silk, especially, though never cheaper in China, has not been cheap enough to range within the lower prices prevailing in Europe." It is true that the fall in the prices of its exports is partially offset by the fall in the prices of its imports, but having a foreign interest account to pay, and also being under the necessity of purchasing gold for manufacturing and ornamental purposes, and silver for the same purposes and also for monetary uses, China is, on the whole, a loser by a fall in the general range of the prices of commodities.

Of the strike at Oldham (Eng.), the London *Economist* of Aug. 15, said that 25,000 workers (men and women) in the cotton mills were then idle, and that the number would be "considerably increased." But it holds out to the strikers no hope of success, de-

claring that "the price of labor everywhere is now falling, and those engaged in the cotton manufacture have neither any right nor reason to expect that their experience will be different from that of their neighbors." To nations which are driven by the misfortunes of their situation to encounter the fierce competitions of the world's trade, there is, at periods of falling prices, no stopping point in the downward course of wages until the starvation point is reached. England has not reached that point yet. Happy, indeed, are those countries which have area enough and sufficient diversification of industries and natural productions, to enjoy under the protection of wise laws a sheltered home trade while the storm is raging outside.

The London *Economist*, of August 15, says of the Irish Land Act enacted during the last session of the British Parliament, that it "has sanctioned the gravest and widest departure from traditional economical theories" which has ever been known in British legislation. It is, however, the opinion of good observers on the spot and at a distance, that the influence which was the most potent cause of the passage of the Act is that of the landlords, who have always been powerful in shaping British laws. The absentee owners of Irish lands wish to get rid of them, and they see no present purchaser except the Government. They are more anxious to sell than the Irish farmers are to buy. The collection of Irish rents is difficult, and there are few Irish capitalists able, even if willing, to come forward and pay cash for the lands, while English capital is shy of Irish investments. The expedient of having the Government buy them with ready money, and give Irish farmers a chance to pay for them in forty-nine annual instalments, may have been suggested in part by motives of benevolence and policy as affecting those farmers. But it will signally relieve the present owners of the lands, if purchasers are tempted by these easy terms; and however much they may have kept themselves out of sight, it is not doubted that the landlords powerfully promoted the recent legislation. Many of the representative men of Ireland believe that the lands can be bought and by be bought cheaper, if the farmers will now hold off.

During the last fiscal year the import of raw cotton into the United States amounted to 5,115,680 pounds, valued at \$954,764. During the preceding fiscal year it amounted to 7,019,492 pounds, valued at \$1,379,850. The import consists principally of Egyptian cotton, which is next to American Sea Island cotton in length of staple.

The receipts of cotton at Bombay from January 1 to June 21 were 969,738 bales, as compared with 1,495,564 during the corresponding period of 1884, and with 1,486,596 during the corresponding period of 1883. This year's cotton crop in India promises to be a large one.



The State census just taken in Massachusetts noted the "abandonment" of thirty-five farms in the town of Monson, since 1880. This may be intended to mean that the lands referred to have ceased to be worked as farms, and put to the more profitable use of growing wood upon them. That change has been going on to some extent for many years in the more densely populated parts of New England. We do not for a moment believe that any land in Massachusetts which has ever been farmed, has now been abandoned, in the sense of being given up as valueless.

Of ten principal English cities, six have municipal waterworks which yield an annual net income of £562,569, while the annual interest on the money borrowed for their construction is £540,771. These cities are Manchester, Liverpool, Birmingham, Leeds, Bradford and Hull. Four of them, Manchester, Birmingham, Leeds and Bradford, have municipal gas works, yielding an annual net income of £335,400, while the annual interest on the money borrowed for their construction is £193,653.

During the first half of 1885 there was a shrinkage in the receipts of the English railroads from both passengers and freights, but there was also some saving in the current expenses. On the fifteen principal lines the falling off of gross revenue was £498,760, but in net revenue was only £210,587, which was still equal, however, to a dividend of  $3\frac{1}{2}$  per cent. per annum upon the common stock, which, in England, represents an actual money investment, and is not mere water, as is nearly all the common stock in the American railroads, as they have been what is called capitalized within the past twenty years.

In the account given in the London *Economist* of August 22, of the discussion in the Belgian Chambers upon the extension of the Latin Union, it is stated that while the Ministry would not agree to bind Belgium to a redemption of the Belgian silver 5-franc pieces, they were ready to stipulate that those pieces should remain a legal tender in Belgium for some specified number of years after the Latin Union came to a final end. That is all they can be called upon to stipulate, as a matter of right and justice, although, as a matter of policy, they may think it best to stipulate for more than that. No government would think, in respect to coins which it had issued as a legal tender, of depriving it of that important function, without fixing some reasonable and notified time within which it would redeem them in some other kind of standard and legal-tender money. Germany has demonetized all its silver coins except the thaler piece, but did not do it until after the lapse of a proclaimed period, during which it redeemed them in gold at the gold price of silver anterior to the demonetizing law.

The existing Latin Union Treaty provides for the redemption by each from the others of its *subsidiary* silver coins, which do not con-

tain so much silver to the franc as the full-tender silver coins. It was under that clause of the treaty that Italy completed, three or four years ago, the redemption of 75 million francs of its subsidiary coins, which had accumulated in the Bank of France. The redemption was arranged to be made in installments, and with a charge for interest of only one per cent. per annum on the deferred payments. The present question between France and Belgium relates to the ultimate redemption of the full-tender silver coins.

The reduction of the net public debt during July and August, the first two months of the current fiscal year, was just about eleven million dollars. No debt—at any rate, no interest-bearing debt—was paid off, and the reduction of the net debt during the two months means simply that the idle cash on hand has accumulated. If it could be assumed that the reduction of the net debt would continue at the same rate through the year, it would amount to \$66,000,000, less the extraordinary payment of about \$6,000,000 on the Alabama claims, expected to be made in the course of the year. But it is not safe to assume that the proportion between revenue and expenditure will be the same during the last ten as during the first two months of the current year. The customs duties depend on the foreign trade, the amount of which will be determined mainly by the prices of our export staples. A very doubtful thing is the price at which the large cotton crop of this year can be marketed abroad. The expenditure of the current year is not likely to be much affected by such new appropriations as Congress may make next winter. The effect of enlarging the pension rolls, and of reviving the education bill, which failed to be acted upon by the last Congress, will not be felt until the next fiscal year. If the pledges of National platforms are worth anything, the Republican party will support a repeal of the existing limitation of the Arrears Act, while the Democratic party wishes to pension the Mexican War soldiers. The two schemes may defeat each other, but are much more likely to pull each other through on the log-rolling principle. In aid of these and of all the money spending projects, such as a big navy, a Nicaragua Canal, &c., there is the large force of members of Congress who desire to stop the payment of the public debt, and who are always ready to vote for any expenditure, or for the repeal of any tax, for the purpose of effecting that object.

To the end of August there had been coined 208,231,381 silver dollars, of which 170,620,411 were inside, and 37,610,970 were outside of the Treasury. Of those held in the Treasury, 74,541,115 were owned by the Treasury, and 96,079,296 were owned by the holders of silver certificates. We have always opposed, and shall continue to oppose, the policy of withdrawing \$1 and \$2 notes, and of nothing do we feel a more thorough assurance than that it is against the

public interest and convenience. We do not believe that Congress will permit it to be persisted in, but will, during its approaching session, pass a law making the issue of those notes obligatory, or at any rate requiring the issue of some notes of those denominations representing the metals. No discretion about it should be left to the Treasury department. The people of this country, with the exception, perhaps, of the Pacific Coast, have lost the habit of using metallic money, except in the way of small, subsidiary change. They prefer paper money, provided always that it is surely convertible into the metals. They do not want Government *assignats*, or wild-cat bank notes, but they are perfectly satisfied with redeemable greenbacks and National bank notes, and with certificates of gold and silver held in the Treasury. Of course, that portion of the people who choose to handle or hoard the metals, should be allowed to use the kind of money which they prefer.

A steamer from Australia, which arrived at San Francisco on the 7th of September, brought £100,000 in gold sovereigns on American account.

The exports during August from this country were 3,187,698 bushels of wheat and 565,614 barrels of wheat flour, as compared with 12,373,402 bushels and 752,145 barrels in August, 1884. The European wheat-importing cities have been overstocked with wheat for a year past. Light exports from this country for a few weeks will reduce their stocks materially.

A writer in *Bradstreet's* (of Sept. 19), in urging the repeal of the duty on foreign iron ores as a measure of relief to the Bessemer steel manufacturers of this country, says that the foreign ores "would command the same, possibly higher prices, if we admitted all ores duty free." This is about the only sensible observation which we notice in his whole communication. A long experience shows that, in a majority of cases, the foreign producer of things shipped to this country adds to his price all that we remit in the way of tariff duty, and that the whole, or nearly the whole of what is lost to our revenue goes into his pocket.

The statement is made in *Bradstreet's* that four-fifths of the iron and steel manufacturers of Pittsburg have made preparations for using natural gas as fuel, instead of coal, and that the probabilities are that a permanent supply of such gas is obtainable in the Trans-Alleghany region in New York, as well as in Pennsylvania. The possibilities which the realization of such expectations involves, in the way of cheapening the production of iron and steel, and also of cheapening coals, are almost incalculable. England has long controlled the iron markets of the world, on the basis of the wonderfully low prices of its coal. But if America has in natural gas a still cheaper fuel, the situation may be revolutionized.

Some of the difficulties in the way of an export trade from this

country to Mexico are removable, and especially the present practice of the imposition of duties by each of the States composing the Mexican Republic, in addition to the National duties. Whether these difficulties will be ever actually removed is not certain, and even if they are removed at last, it may be a very long time before it is done. But there is one irremovable difficulty about our obtaining any advantage from the pending reciprocity treaty with Mexico, which is stated in the report of Treasury Special Agent Evans. This is, that of the seventy-three articles for which the treaty secures free ingress into Mexico from this country, fifty are already free independently of the treaty, and that for the other twenty-three, according to Mr. Evans, "there appears to be no market in Mexico."

Among other things covered by the programme of the Radicals of the French Department of the Rhone, is the sponging out of the National debt. If the debt goes by the board, the real artificers of the ruin will not be French Radicals, but the reckless politicians who have been dominant at Paris. When the state of the times yielded some surplus of revenue, by which the debt might have been made smaller, they clamored successfully to have the taxes, instead of the debt, reduced, and when the succeeding fluctuation of business destroyed the surplus, they clamored successfully in favor of embarking in a scheme of spending one thousand million dollars in internal improvements.

The exact language of the currency resolution of the Republican State Convention of last August, in Iowa, was—

We oppose any change in the laws of currency and finance that will increase the burdens of the debtor class.

The negotiation by the State of Massachusetts, a month ago, of a loan of \$200,000, on three months, at a rate of interest as low as two per cent. per annum, illustrates the folly of the idea that it is always and necessarily true that governments can borrow money more cheaply on long terms than on short ones. When current rates of interest are high, and a fall is apprehended, lenders make all the long loans they can, but when the current rates are considered to be low, and they are hopeful of a rise, they make all their loans as short as possible. The British Government frequently gets better terms on three and six months' exchequer bills, than it could on consols, and the French Government has often the same experience. The United States to-day, and that has been true for a half a dozen years, could borrow \$200,000,000 at two per cent. per annum, by establishing postal Savings banks, and, in addition, could do an inestimable service to the country by encouraging habits of thrift, through the plain and simple method of affording a place of deposit for the savings of the people which would deserve and command universal confidence.

When the British farmers began to realize that, without great reductions of their rents, they could not raise wheat in competition with America, Russia and India, they fell back upon the idea that they could still pay their old rents by supplying their home markets with well-fattened meats and with dairy products. Doubtless the competition which they encounter is worse in wheat than in animal products, but even if they confine themselves to the latter, they will be forced to insist upon a reduction of rents. A letter from London, published in the New York *Financial Chronicle*, says that at a fair in Chester, in the middle of August, Cheshire cheese of superior quality fell fully one-third in price, as compared with previous sales, and that "factors would only buy at American prices." The English will insist upon it for a while that the beef and cheese raised in their own island must necessarily be worth a good deal more money than the same articles raised anywhere else, but in the long run their pocket sense will be stronger than their National pride.

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### UNNECESSARY COINAGE.

We find in a Washington paper a reported interview with a person not named, but described as "one of the leading financial authorities in the country," containing the following statements:—

In England the metal money all passes from the mint to the people through the Bank of England, which will not take any that there is not a demand for, and so there is a check against excessive coinage. The mint stops coining when the National bank refuses to receive.

These statements are exactly the reverse of the truth in every particular, but this does not prove that the person making them may not have a good understanding of general financial principles, and may not also be well posted in the facts of the financial situation in the United States. He is simply ignorant of the mint and banking law and practice of Great Britain, and he is by no means alone in that.

The subsidiary silver coinage is managed there precisely as it is managed here. In both countries none is executed for private depositors of bullion; in both it is a government monopoly; and what is intended to be done in both is not to exceed the limit of quantity beyond which there would be danger of its depreciation. The test of that approaching danger is its flowing back into public reservoirs, thus showing that the channels of circulation are overcharged with it. In this country, the public reservoir is the Treasury of the United States, into which it always had the right of being paid for taxes, and upon which the duty of redeeming it in lawful

money has been imposed since 1879. In Great Britain, the reservoir is the Bank of England, which receives all that is offered, ordering the mint to coin more when its own supply runs short, and to coin less, or to stop coining, when its receipts are so large as to indicate a glut.

The British mint coins no full-tender money except gold, and, like our own mints, coins all the gold bullion that is offered by individuals or corporations for that purpose. It never refuses to coin gold, on any occasion, or on any request or demand of the Bank of England, or as a consequence of anything done, or not done, by that institution. By the fundamental law of that mint it is open always to everybody for the coinage of gold without limit.

The Bank of England never refused to receive gold money, and since 1844 it is made its express duty to give its circulating notes to everybody offering gold bullion, which includes foreign gold coins not a legal tender in Great Britain. For so receiving bullion, it is allowed to tax a commission of a penny and a half on the pound, which is so close to the trouble and actual cost, in delay and loss of interest in having the bullion minted, that the almost invariable practice is to carry it to the Bank, rather than to the mint. But the right to carry it to the mint, however rarely exercised, remains nevertheless always perfect. At our mints we have a bullion fund, and a law directing its use, under which the coin value of gold bullion is paid over to depositors just as soon as it can be ascertained by weighing and assaying. At the British mint there is no such fund and no such law, and the depositor of gold bullion must wait for his money until it is coined.

The saving in coinage in Great Britain has resulted from the common sense management of the Bank of England. They are obliged to take in all gold bullion at a discount of a penny and a half in the pound, which is intended to meet the cost of coinage, but they never do procure it to be coined if they already have a stock of sovereigns and half-sovereigns abundantly ample to meet demands for home use. With a stock of gold ranging from twenty to thirty-five millions sterling, it is said that the Bank rarely has more than ten millions in sovereigns and half-sovereigns. For foreign shipments bars are preferable, and so are to every particular country the coins of that country. In the constant fluctuation of the exchanges, the coins of every country with which England has a large trade, command a small premium, which the Bank is able to realize by having the coins. We constantly hear, at not very long intervals, that the Bank is selling American double-eagles at a premium. Why should the Bank, unless it is short of sovereigns, send our eagles, French napoleons, or German marks to the mint, when it is sure of a market for

them before long at par, and is occasionally able to secure a premium for them?

In this country the Treasury, by purchases out of the bullion fund, becomes the owner of deposited bullion as soon as its value can be ascertained, just as the Bank of England becomes the owner of deposited bullion by paying for it with its own notes. Like that Bank, the Treasury has no motive for converting any more of the gold into legal-tender coins than may be needed for domestic demands. To meet foreign demands, which have always occurred from time to time from occasional unfavorable balances of the foreign trade, and sometimes from other circumstances, gold in bars is preferred by exporters, and it is a very plain dictate of economy, after enough is coined to supply any reasonable possible home demand, to keep the balance in bars, and thereby save the useless expense of coinage and also the risk and useless expense of shipping gold to and from the mints.

In May, 1882, Congress passed an Act authorizing the exchange of gold bars for gold coins, in sums of \$5,000 and upwards. This privilege of obtaining bars for coins, not before possessed by individuals, has since been availed of by exporters of gold to the extent of more than twenty million dollars. The exchange is made by giving for coin, bars "in value equaling such coin," which means containing the same quantity of gold. Whenever an exchange of that kind is made, the Treasury saves the expense of coinage, and the party applying for the exchange gains in certain ways, since he would not otherwise apply for it. Bankers and others in New York, exporting gold when the state of the exchanges made it necessary, had been asking for such a law some time before they obtained it, but had been defeated by executive objections and doubts. The mint, like all other government establishments, wishes to "magnify its office," and the more work it performs, the more patronage it has. We occasionally have alarms sounded, and apparently from either that quarter or some other Treasury bureau, that there is danger of a deficiency of coined gold, and of too great a proportion of the Treasury gold being in bars. There is not the slightest foundation for such alarms. For domestic use, everybody prefers the greenback to gold, and for exporting purposes the bar is preferred to coin. And even if it should happen by some strange chance, that at a particular moment the Treasury had nothing but gold bars wherewith to meet its creditors, we need not be concerned about the public credit, so long as it has plenty of bars. We have survived, without being harmed, worse shocks than that would be.

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## THE NATIONAL BANKING SYSTEM.

[CONCLUDED FROM THE SEPTEMBER NUMBER.]

The majority in Congress were willing—nay, eager—to increase the bank-note circulation, but President Grant was not, vetoing a bill which increased the amount \$46,000,000. Congress then enacted that \$55,000,000 should be withdrawn from the banks having more than their proportion, and redistributed to those which had received less than theirs. That law also gave the banks authority to withdraw their circulating notes in whole or in part by depositing them with the United States Treasurer in sums of not less than \$9,000, and of withdrawing the bonds deposited to secure them. No authority had been previously granted to the banks for withdrawing their circulation. Some of them withdrew their circulation, while new banks deposited bonds and received the circulation to which they were entitled. The retiring of the circulation, however, went on more rapidly than the issuing of additional, so that, in truth, it was not necessary to make requisition on the Eastern banks to surrender a dollar. The circulation was largest on December 1, 1874, amounting to \$352,394,346. After enacting the law of June, 1874, the circulation decreased \$30,869,655 before the end of 1877. After that period it began to increase, but never ascended to the figures just stated. In 1881 there was a notable decrease, occasioned by the action of Congress. An act was passed authorizing the issue of a three per cent. bond for refunding purposes and requiring the banks to deposit it as security for their circulating notes, and repealing the law of June, 1874, authorizing the banks to deposit lawful money and withdraw their bonds. The act was vetoed, but 141 banks not knowing what would be its fate, and preferring to get their bonds to depositing others bearing three per cent. interest, promptly deposited \$18,764,434 of legal-tender notes. They were located in 24 States. About one-third of the bonds was re-deposited, and for several months the total circulation of these banks was less than \$7,000,000. They were charged with depositing legal-tender notes and withdrawing their bonds in order to derange the money market, but there was no proof to sustain it. The sole reason was to get possession of their bonds.

In 1875, the year after authorizing an increase of \$55,000,000 of bank notes, the restriction on their issue was removed, and the Secretary of the Treasury was required to retire legal-tender notes to the amount of eighty per cent. of the National bank notes thereafter issued, until the amount was reduced to \$300,000,000. When they had taken out \$44,148,730 of such additional circulation, and



legal-tender notes to the amount of eighty per cent., or \$35,318,984 had been retired, Congress declared that it should not "be lawful for the Secretary of the Treasury, or other officer under him, to cancel or retire any more of the United States legal-tender notes," and when redeemed, or received into the Treasury under any law, from any source whatever, they should "belong to the United States, and should not be retired, canceled, or destroyed," but "re-issued, and paid out again and kept in circulation." When enacted, \$346,681,016 of legal-tender notes were outstanding, nor has the law since been changed.

As the Government bonds appreciated in value, the interest of the banks to buy or to retain them as a basis for issuing circulating notes constantly declined. With each advance in the premium, the inducement was stronger to sell their bonds and make sure of their profit. Moreover, the operations of the Government in paying its bonds rapidly had the same effect. There was not much certainty concerning the premium on short time bonds. The probability was that the Government would call them as soon as they were due, and then, of course, their premium would disappear. Hence their desire to make all they could by selling their bonds. The question of retaining them and continuing their circulation, or of selling them and of getting their profits was discussed among the banks constantly. The high premium on these bonds also had the effect of checking the amount of circulation.

The fact that the circulation has been declining ever since 1875 with an occasional short turn, is proof conclusive that however large may have been the profits of National banking, their notes for a considerable period have not yielded them much profit. For ten years no restriction on circulation has existed, and yet the amount has declined in the face of a rapidly increasing population and augmenting business. What might have been the increase had not the National securities commanded so high a premium, or had their duration been more permanent, cannot be foretold. It is certain that both causes operated against an increase of the bank circulation.

Although the proof has thus clearly existed in that bank circulation was not very profitable, a ceaseless war has been waged against them from the time of their organization, because they were permitted to issue notes without paying for the privilege. But the Government did not grant a privilege not enjoyed by banks as State institutions. The people, however, knew much less about the sources of their profits when they were under State laws. Of course, the people knew something about them, particularly that they did not always redeem their notes, and charged high rates of interest for their money wherever they could. These facts were well known. One of the first things discovered by the people, after the creation of Na-

tional banks, was, that they gained three profits, one profit on their bonds deposited as the basis for their circulation, another on their circulation, and a third on their deposits. This had always been the case, but the people had not learned the fact. Not much was said concerning the latter source of profit, but the double profit on bonds and circulation caused endless agitation. It led many to make war on the banks in newspapers, speeches and pamphlets. At times the agitation was very fierce; at others, it quite died away. The principal contention was to compel the banks to relinquish their circulation. In Congress and elsewhere, this cry was constantly heard. Some banks were so moved that they did withdraw their circulation on this account. As we have already seen, after the law of June, 1874, the banks began to retire their circulation, but not solely because the circulation was unprofitable. Many reasons combined. One reason was because there was more profit in selling the bonds at the premium they commanded than in keeping them. With the resumption of specie payments the difference between gold and paper would disappear, and this would be a gain to the bank selling them. In many cases, deposits grew rapidly and banks preferred to make their profits on these. Many banks never took out any circulation although entitled to it. The larger fact, therefore, is settled beyond question, that another course was more profitable to the banks than the retaining of their circulation, so it was withdrawn. This was particularly the case with banks in the large cities.

Although the action of the banks showed conclusively that their profit on circulation was not large, the attack was continued. Mr. Knox, the Comptroller of the Currency from 1872 to 1883, showed again and again in his reports the smallness of these profits, yet no proofs sufficed. The debates of Congress were frequent on taking away this privilege from the bank, nor is the contest ended.

One reason constantly urged was that the Government would be the gainer by retiring the bank notes and putting out legal tenders in their place in payment for the National debt. Thus the debt and interest charge would both be reduced. This was the strongest reason given.

Another reason was that the banks were profitable monopolies, and therefore not justifiable by our institutions. This assertion was not true. It is true that in the beginning the amount was limited to \$300,000,000. It is also true that Mr. Clarke, the second Comptroller of the Currency, erred in distributing the circulation. Had he executed the law as Congress intended, there would not have been any inequality. Nevertheless, the full amount of \$300,000,000 was not taken up until November, 1868, and in 1870 Congress added \$54,000,000, besides requiring the old banks

to yield up \$25,000,000 more if it was needed. After that the banks took out new circulation, and in 1874 the maximum limit was nearly reached. But after the law of that year was passed permitting banks to retire a portion, or all, of their circulation, the Attorney-General decided that new circulation could be issued in place of that retired then, and since that time the banks could get all the circulation they desired by depositing the requisite security. It was asserted again and again in Congressional debate, particularly in the long currency debate in 1873-4, that the South needed more currency, and that the restriction should be removed. But what the South really needed was more capital, for there was hardly a time when that section could not have obtained more currency if it had possessed the capital with which to buy the bonds on which the circulation is based. This fundamental error ran through that long and tedious debate—one of the longest and dreariest during the period—covered by this volume. The South was poor and needed the impregnation of capital to quicken her industries, but no magical power anywhere existed for creating it from nothing. If worlds are made from nothing, as some believe, surely capital is the product of man. Government can destroy, but cannot create it. The Government might have borrowed capital and loaned it to the South; could have transferred it from one person to another, nothing more.

Among the schemes devised for supplanting the National bank circulation was the issue of \$400,000,000 of legal-tender notes interchangeable, in sums of fifty dollars, for Treasury notes and bearing interest at the rate of 3.65 per annum, or one cent per day on a hundred dollars, and a repeal of all acts relating to a resumption of payments in specie. It was proposed to purchase the bonds of the Government with the notes thus issued. This scheme was much discussed. It was urged against it that the legal-tender notes would be converted into interest-bearing notes almost as soon as issued, like the small Treasury notes issued in 1815. "The non-interest-bearing certificates of deposit," said Mr. Knox, "now held by the banks, and amounting to \$50,880,000, will at once be converted into greenbacks, and these, together with \$150,000,000 of cash reserve, also held by the different banks and bankers of the country, will be speedily exchanged for 3.65 notes. These latter notes will be used by every clearing-house in the country for the payment of balances, and a large proportion of the circulation will then consist of the new inter-convertible interest-bearing notes, so that the whole authorized issue of these notes will soon be in demand."

If Congress had favored the scheme many of the banks would have liquidated, and their loans would have been called for the purpose of distributing their capital and surplus among their stock-

holders. Doubtless many would have reorganized as State banks and private bankers.

Opposition to the banks was now at its height. Many things had happened to inflame the feeling against them. The year before a financial storm had swept over the country, and the suffering therefrom was keen and universal. The event was largely attributed to the intimate relations existing between the banks of New York City and the members of the New York Stock Exchange, whereby the currency was suddenly contracted, or "locked up," in the language of the day, and brokers who were preferred to merchants by the banks as borrowers of money. One of these lock-ups had been a matter of Congressional investigation in 1872. A director of the Tenth National Bank of New York was a special partner in three firms, with whom he left his money to be loaned. On a day specified he directed them to call in his money, which they did. In the afternoon he went to his bank with the checks received from the three firms, amounting to \$4,100,000. He requested the president to put them through the Clearing-house the next morning. This was done, the money was paid; but instead of putting it into the bank on deposit, he carried it away. The whole transaction was outside of the regular and usual business of the bank, and was simply an arrangement by which it withdrew over \$4,000,000 of legal-tender notes from circulation for a director of the concern, whose avowed object in having it done, as he himself testified before the investigating committee, "was to cause a stringency in the money market for the purpose of bringing about a decline in the price of stocks," of which he was short. "It affected not only the banks and the business community of the city of New York, but that city being the principal center of the monetary operations of the whole country, the stringency produced there in the money market extended to other cities, and affected more or less injuriously every branch of business requiring the use of money throughout the country." These operations were repeated more than once, and were strongly condemned in every quarter outside Wall Street. While some of the banks were thus carefully attending to the wants of speculators they were less mindful of the wants of the mercantile class. An eminent merchant of New York, and for several years a member of Congress, related the following story, which illustrated the discrimination made at this time between the two classes of borrowers: A pet firm of brokers who went down in the crash of 1873 were found to be in debt nearly \$15,000,000. That firm had reorganized only a month or two before, with a capital of one or two hundred thousand dollars; but it was able to borrow of banks and others, on stock held only for speculation, say \$14,000,000. About the same time a commercial firm of long standing, and having more than half a million of capital, applied to one

of the largest National banks for the discount of \$24,000 of business paper having less than thirty days to run, and were politely put off with one-half the amount. "The broker, for gamblers, got \$14,000,000; the merchant, for honest business, got \$12,000, or less than a thousand for a million." The banks that served the speculators first and the merchants last were a small minority, but their conduct was so notorious as to taint all. The Comptrollers of the Currency from the outset did not hesitate to condemn the practice of lending money for speculative uses, and to over-certifying checks, which was another feature of the same business. This practice, though, did not originate with the National banks. In the beginning, a certification was not considered as legally binding the certifying bank to pay the check. For many years it simply signified or *connoted* hardly anything more than information, and the amount of the check when certified was not charged to the account of the drawer until it was presented for payment. After the New York Clearing-house was organized, in 1854, it became the custom to present checks, and also bills receivable, or acceptances, on the day of maturity at the bank where they were made payable for certification. The bill and checks certified were then returned to the bank messenger who had presented them, and on the following morning were transmitted to the Clearing-house with other exchanges.

These certifications were confined for a long time to mercantile and commercial transactions, and had they never gone further, would have occasioned no adverse criticism. The amounts were small, and no losses were likely to arise. After stock speculation set in with extraordinary vigor during the war, check-certifying became, in effect, a mode of guaranteeing the contracts of stock-brokers with their customers, and was practiced by a few banks to an enormous extent. In 1869 a law was enacted, prohibiting the certifying of checks drawn on any National bank, unless the drawer had the money on deposit therein. The fine for violating the law was the forfeiture of the charter and appointment of a receiver. After that time the practice diminished, yet did not cease. The New York Clearing-house considered the matter. A committee recommended that "in no case shall a check or other obligation be certified by a bank, unless the amount of it is first found regularly entered to the credit of the dealer upon the books of the institution." Though adopted with only four dissenting votes, the practice continued, and another law was enacted, imposing a heavy fine and imprisonment of the officer, clerk, or agent of a bank who should do such a thing. When this went into effect the banks that were accustomed to certify large amounts of checks accepted them, assuming that an acceptance was not a violation of the law. In 1882 Congress enacted that any officer, clerk, or agent of a bank who

should willfully violate the law with respect to illegal certification, or who should resort to any device or receive any fictitious obligation, direct or collateral, in order to evade its provisions, should be fined or imprisoned, or both. There was need of doing something, for the practice had been rapidly growing. A bank in New York lost a large amount by over-certifying, and the teller who transacted the business was indicted, and pleaded guilty, but showed that he had acted on the authority of his superior officer. The rigor which the Comptroller displayed in dealing with the banks that violated the law finally led the most prominent offenders to abandon their charters and reorganize by the State law, which did not prohibit the practice.

While the Comptroller was thus trying to make the refractory banks obey the law, the charters of many had nearly expired, their length of life being twenty years. There was serious opposition to their renewal. They could close and reorganize, but that was not an easy thing to do, and involved some serious questions. What the banks desired was authority to continue by a method which would not produce any disturbance to themselves or the business of the country. The committee on banking and currency reported favorably on a bill for extending their charters, but Congress was disinclined to consider the matter. Mr. Cross, the chairman of the committee, sought to get a time fixed for discussion, but the House voted against doing so, and not until the 13th of May, 1882, did the discussion begin. In the meantime the charters of two banks had expired, and by the 25th of the following February those of 393 banks would expire. On the 1st of October, 1881, 2,148 banks were in operation, 393 of which had a capital of only \$50,000, while 164 others had a capital from \$50,000 to \$100,000, and 829 with a capital from \$100,000 to \$150,000. From that date to the time of opening the discussion more than one-half of the banks organized had a capital of \$50,000 each. They were located in the South and West, and were multiplying rapidly.

The first provision of the bill authorized the banks to continue for another period of twenty years, provided the shareholders owning not less than two-thirds of the capital stock consented. If any stockholder did not wish to continue, the bill provided for a fair appraisal and sale of his interest for cash. The opponents of the banks maintained that the proposed legislation was unnecessary, because the banks, when their charters expired, could liquidate and reorganize. This was so, but if they had, their undivided surplus and profits, which amounted to \$184,000,000, would have been divided, and the reorganized banks would have had only their capital. It was very desirable to preserve this reserve of earnings. The National banking law had merely provided that every bank, before declaring a dividend, should "carry one-tenth part of its net profits

of the preceding half-year to its surplus fund until the same" should "amount to twenty per centum of its capital stock." The banks having obeyed the law, had the above sum, after paying \$85,845,169 of losses between 1876 and 1879. This accumulation had rendered the banks strong. Depositors felt sure that if losses should occur to the banks they would be made good from the surplus, and thus escape loss. They were very desirous of retaining their surplus fund, and this was the chief object of the measure. Liquidation and reorganization of the banks meant, of course, a division of it, besides a calling in of loans and disturbance of the money market. When the State banks went over it was seen how much better it was to permit conversion, rather than to go through a long process of settlement and reorganizing; the same arguments existed, though greatly strengthened by many additional circumstances which had arisen during the last twenty years.

The chief objection to the bill was that it continued the privilege to the banks to issue circulating notes. One class of opponents, led by Mr. Buckner, of Kentucky, desired that Government notes not endowed with a legal-tender power should be issued as fast as the National bank notes were withdrawn, thus leaving the volume of currency undisturbed by the change; and another class represented by Mr. Brumm of Pennsylvania, wished to substitute legal-tender notes receivable for taxes and duties, but not resting on a coin foundation. Mr. Brumm favored the issue in the beginning of \$360,000,000 of such notes, but Mr. Haseltine of Missouri, unmindful of the teachings of Benton, declared that he would not be content with a smaller issue than \$1,500,000,000, or enough to wipe out the National debt.

Mr. Buckner, who showed by far the best knowledge of the subject of any of the opponents of the bill, admitted that if the Government issued the entire credit circulation it would become "fixed," but he contended that a circulation based on credit and not on coin, however secured or redeemed, should have no elastic power; "that is, should not be contracted or expanded at the will of those who make a profit for themselves by loaning it or discounting notes in exchange for it. The idea of having a credit circulation that will expand or contract, according to the demands and the state of trade and commerce, is folly and fallacy combined. Issue banks are organized because they hope to realize profits by loaning their own credit and the deposits of their customers, and not to give facilities to the growth of trade and business, except as an incident to the profits to be derived from making loans on their credit and on their deposits, and the more of their notes they can keep out the larger is their income. An elastic credit currency is as great an absurdity as an elastic yard-stick. What is most needed for the permanent prosperity of all kinds of business and all classes

of the community is a volume of circulation which will give steadiness to prices and regularity to the movements of trade and commerce." Mr Buckner had the great body of modern experience on his side in support of his main proposition concerning the undesirability of trying to maintain an elastic currency, but neither Congress nor the country were ready to substitute Government non-legal-tender Treasury notes for the bank circulation.

The "enormous profits" made on their circulation was a statement constantly repeated during the debate by the opponents of the banks. It was clearly shown to be wrong, but no amount of demonstration sufficed. Like Goldsmith's schoolmaster, though vanquished they "could argue still."

The extension was granted, and most of the banks are living in the second period of their existence, though ultimately a transformation must take place or they will die. With the reduction of the National debt they must retire their circulation, or the Government must consent to its continuance on another basis. Whether it shall be replaced with Treasury notes, or whether the Government shall guarantee one for a good reason and satisfactory consideration, or whether the world in its wonderful progress in economizing the use of money shall be able ere long to dispense with a promissory circulation altogether, only a daring prophet would answer.

The amounts and descriptions of United States bonds, deposited for National bank-note circulation, were as follows at the dates named:

	1885—August 22.		1885—Sept. 5.		1885—Sept. 26.
6s.....	\$ 3,505,000	....	\$ 3,505,000	....	\$ 3,505,000
4½s.....	49,062,750	....	49,082,750	..	48,995,750
4s.....	116,955,650	....	117,158,650	....	117,130,650
3s.....	140,159,150	....	139,735,650	....	139,528,150
	<u>\$ 309,682,550</u>	....	<u>\$ 309,482,050</u>	....	<u>\$ 309,159,550</u>

A letter from Mt. Olive (N. C.), in *Bradstreet's* of September 19, 1885, says that the last year had been "the hardest on record South," and adds, that with the prospect of a 33 per cent. fall in the price of cotton, he cannot see where the long-looked-for prosperity is to come from.

30,091,964 pounds of bacon were exported in August, at prices aggregating \$383,000 less than 25,299,123 pounds exported in August 1884.

During August our merchandise imports were \$50,382,903, and our merchandise exports (including \$1,384,046 of foreign goods re-exported), were \$43,563,405, showing an unfavorable balance of \$6,819,498.



## THE BANKERS' CONVENTION.

THE convention of the American Bankers' Association held its sessions on the 23d and 24th of September, at Chicago, Lyman. J. Gage, the president of the Association, presiding. The convention was opened with prayer, after which the president delivered his address, which is given in full elsewhere in the present number. The convention soon proceeded to discuss the silver question, W. P. Trenholm, of Charleston, S. C., opening the debate.

He contended that unless the Bland Act was repealed the circulation would become gorged with silver, and that the result would be a depreciated currency. He argued that in that event the wage-earners and those with fixed incomes would be the sufferers. He denied the oft-repeated assertion that debtors would be benefited by a depreciated currency. Under the present coinage law there was distrust and anxiety among the men who control capital—the bankers of the United States. To remove that was the duty of Congress. The banks had staved off disaster by going to the assistance of the Government, and they still held the doors open to Congress to put an end to the threatened disaster.

George Hague, of Montreal, spoke from the standpoint of a foreigner on the situation. He dealt with the subject in the abstract, but he was sound on the strictly economic consideration.

These two papers were so exhaustive that when they had been read the convention felt that the whole ground had been covered, and a wish was expressed that others on the same subject should be printed and not read. The proposition was not acceptable to many, and Logan C. Murray, formerly of Louisville, appealed to the Southern men present to use their personal influence with members of Congress from their sections to have them vote for the repeal of the coinage law.

Edward B. Lacey, of Charlotte, Mich., recited the arguments used by the silver men, and spoke in refutation of them. He thought that Congress should fix a date for the suspension of the coinage, and then should ask for an international congress, which should fix the relative value of gold and silver. He made the only reference of the day to the Warner plan, and declared that it was neither wise nor expedient. Under its provisions London could at any time corner silver, because it controlled the silver market of the world as thoroughly as does Chicago the grain market of the United States. Should the plan be adopted, he contended it would afford an opportunity for speculation such as has never yet been seen in the history of the world.

There was an apparent indisposition to take advantage of the time allowed for five-minute discussions on the papers read. George S. Coe, of New York, remarked how, during the recent fright arising out of the probability of the Government being unable to continue gold payments, certain foreign institutions, as well as some large American investors, withdrew gold and its representative from the country. He added that the only thing that now held the country on a gold basis was the policy of the Government of investing the surplus revenue in silver and storing it in the vaults of the Treasury, instead of taking up bonds, and thereby reducing the public debt.

Mr. James B. Colgate was given an attentive and respectful hearing while he advanced his views in favor of silver. He thought that the United States was big enough to take care of itself, without reference to other nations. Silver, he contended, was the normal currency of the world, and gold was only a higher expression of value. The former was a necessity, and the latter a luxury, the price of which was controlled by silver. He had heard a good deal about the eighty-cent dollar, and he offered any one present to take any part of half a million silver dollars within the next sixty days, and pay 99 for them. When asked, however, if he would agree to pay the price named in every sixty days during the next ten years, he shook his head knowingly, and replied emphatically that he would not. He thought it was a bad thing to have foreign credit, because, when it existed, the country was likely to be on the broad road to bankruptcy.

The discussion was continued the next day by Mr. Hammond, of Iowa, who opposed the resolution submitted by the executive council, on the ground that it asked for more than Congress could be expected to grant. He enlarged upon what he assumed to be the fact, that the representatives in Congress from the "boundless prairies of the West" would not dare to face their constituents after voting to stop coining silver, and that no candidate for election for a first time would venture to go before the voters of his district as an opponent of silver. What the free and independent voter of the great West wanted was more silver, and plenty of it, and what he wanted he was bound to have, and he wouldn't stop to reason about it, either. Mr. Hammond didn't put it exactly in that way, but that was the import of what he said.

Therefore, he proposed as a substitute for the pending substitute for the council's resolution, a resolution calling for a silver dollar containing a dollar's worth of silver, and also for an international monetary conference to agree upon a ratio between the two metals, and to agree upon unlimited coinage on private account by the principal commercial nations. Another Iowa member of the Association spoke in a similar strain, but for some reason, that he did not succeed in making very well understood, he favored the original resolution. A Connecticut member of the Association recalled attention to the fact that the real question was whether the country should be gold monometallist or silver monometallist. There was no such thing as bimetallism by the action of a single country like ours. A Racine banker was in favor of bimetallism if it could be made to work. But Mr. Hammond's proposition wouldn't do. He might put what was to-day a dollar's worth of silver in the coin of that name, but who could say that it would be a dollar's worth of silver next week? The silver in the present dollar was worth a fraction over 93 cents, gold, when the Act of 1878 was passed, but it was now worth only 80 cents. In view of this fact, who would venture to predict what it would be worth at some future time? Mr. Colgate, who enlivened the proceedings the day before by an uncompromising but hilarious pro-silver speech, came smiling to the fore again with a protest against speaking of the silver dollar as depreciated. He wanted that stricken out of the Iowa proposition.

Mr. Hammond's substitute was overwhelmingly defeated. So also was the substitute offered calling for the unconditional repeal of the Act of 1878. The original resolution was then adopted with an emphasis, and so the subject was disposed of. The Association, therefore, declares that, in its opinion, the coinage of silver dollars under the Act of 1878 "is detrimental to the best interests of the people

and dangerous to the welfare of the Government, and that the law should be immediately suspended and remain inoperative until an international agreement with leading commercial nations shall give substantial assurance as to the future relation of gold and silver as money."

After the convention had passed the above resolution, several papers on various subjects were read, while others were submitted to be printed in the report of proceedings. We have space for only a few of these papers in the present number, but in the November number other papers will be given.

The following paper, on the "Collection of Country checks," is by A. W. Blye:

In treating upon this subject, I wish first to ask a question and to answer the same. The question is this: Why has it become necessary to seek out and adopt the best, or any other method for the collection of country checks? The answer to the question may be stated thus: Because the banks and bankers of the United States, whether doing business in city or town, have, in the regular course and growth of business, allowed the checks of individuals and corporate depositors and customers to attain, in their connection with the general business of the country, to certain uses and purposes that should never have been allowed to them. The use of checks primarily is or should be simply for the purpose of obtaining money or drafts over the counter as against a deposit by the individual, firm, or corporation; and, secondly and lastly, as a voucher to the bank for so much money paid. The legitimate use of the check ought not to have been extended or allowed in any other direction, save and excepting one only, and that in employing them by the makers thereof, in lieu of money in the adjustment of transactions between dealers and others, limited to such transactions as were local in their character and confined to an area, the radii of which, as to the business operations, would center in the town or city in which was located the bank on which the same were drawn.

I think that I may safely say that it is within the recollection of some of you, that such was at one time (with a few exceptions) the only purpose for which they were employed, and if a customer of a bank desired to transmit an amount of money to another place, near or remote, he invariably applied to his banker for a draft upon a bank in that place, which might at times be furnished, or for a draft on New York, which is money everywhere to every bank, and for which draft, whether the one or the other, he fully expected to pay a reasonable charge. There is no good reason to be given why parties desiring to transmit money to other places, should not now, as heretofore in the distant past, conform to the same rule as at that time prevailed, and the banks derive a legitimate income from having the facilities to provide for such transfer accommodations, and also escape the annoyance and expense of having to collect checks upon every bank in a State, together, as is often the case, with those upon banks in other States, and which, to a great extent, is expected of them that they will do it without money and without price. Twenty-five years ago not a business man, resident and doing business in a town that was other than a commercial center for one or more States, would have thought of liquidating a payment to be made in Boston, New York, Philadelphia, Cincinnati, or Chicago, by the use of a check upon a bank located in his own town, or at least without adding to the amount to be paid a fair and proper amount for collection; nor would any business man in either of the

several cities named receive such a check in liquidation of a payment except with the payment, in addition, of such collection fees. Nor would a bank doing business in either of these several cities have received such a check from one of its depositors, except to place the same in credit, less collection charges when paid to it, or at once to credit, less such an amount as would cover such charges and the interest to the time at which returns should come to hand, and certainly would not have done what is now so often done, place at once in credit everything and anything at face value, without discount or charge.

It is well to look for a moment at the causes that have led up from the old way to the new, which new way calls so loudly for some method to make it the easier to endure and to manage. These causes, stated as briefly as possible, are :

1st. In a competition for business between different banks in towns where there are more than one bank, and particularly as to banks of the commercial centers. This competition tending to bargains on the part of banks with dealers, to receive checks upon country banks, at first for a smaller charge than the usual one, later on, a nominal charge, ending with the general rule being adopted by all of no charge for collection, and credit at once.

2d. Through this competition among the banks, the placing of dealers in a position to receive such checks from their customers at face, and therefore encourage the sending of them.

3d. The readiness displayed by the parties in the interior to avail themselves of the privilege secured to them through these connecting causes, and by which they are furnished transfers of money without charge, besides having the benefit of a credit at bank during the time (it may be one week or it may be two) the same may be in transit to and fro.

From these causes, as stated with the brief remarks concerning the same, it may be a fair and reasonable deduction to make, that the banks themselves, and alone, are responsible for the existing state of things; first those which unwisely sought for business, and through their action, the others through necessity. There was no necessity so to do, and the books of those banks, that at the first were in fault, will, as I believe, fail to show a gain equal to the loss.

The effect is observed in a call at Boston, New York, Chicago, and all the principal cities, for relief with respect to country checks, while the makers of them rejoice and are glad in saving to themselves the money the banks have legitimately earned but failed to receive. It is no wonder that the Clearing-house Association of New York are trying to have a resolution adopted that its several members shall refuse to take such country checks from their customers, passing the same to their credit at once at face, and that all such checks should be subject to a charge for collection, the only wonder being that certain of the members of the said Association should object to its adoption.

Some one may say that the amount, so lost, is of little account, and not worth looking after. Let us see about that. Investigations made by me something over a year ago, with reference to the amount of collections in the form of country checks that passed from bank to bank towards, and finally to the banks upon which they were drawn, I found that outside of State banks, trust companies, and Savings banks, checks upon which institutions do not, to any great extent, enter into general business transactions, and outside of all banks—State or National—and bankers connected with reporting Clearing-houses, there were in the United States fifty-two hundred and fifty-six banking institutions—banks, State and National, and private bankers—with an aggregate capi-

tal of \$507,641,034, and an aggregate average deposit of \$931,433,028. Further investigation made in connection with full reports for a year from the Clearing-houses of twenty-two cities (the only data it was possible to reach), showed the ratio of deposits to exchanges, for the twenty-two cities for the year, to be as 1 to 85, or, in other words, as respects the banks of such twenty-two cities, taking the average, they paid within the space of one year through Clearing-houses, the amount of their aggregate average deposits 85 times, to say nothing of the payments made direct at the counter, which transactions are separate and distinct.

The ratio of deposits to exchanges varies materially as respects the different cities, ranging from 1 to 154 at St. Louis, 1 to 121 at New York, down to 1 to 8 at Worcester, Mass.

It cannot be expected that the exchanges will be as rapid or frequent between banks and bankers of the interior as is shown to be the case with respect to the principal cities. Through extended inquiry made by me at the time and since, of banks located in the smaller cities and in villages, I learn that the amount of checks paid by such banks otherwise than over the counter, that is, by remittance to other banks for the same, will, upon the average for a year, show a ratio as compared with average of deposits of 1 to 20, or, in other words, such banks in one year pay for checks drawn upon them by remittance to other banks, an amount equivalent to their average deposits multiplied by twenty. On this basis of calculation, using the same in connection with the average aggregate deposits of such banks and bankers, \$931,433,028, as stated, I find that the amounts paid by such banks and bankers, by remittances to other banks, for checks drawn upon them, to be quite an amount, the sum total being \$18,628,660,560. Not desiring to handle in this connection too large figures or wide estimates, I reduce the ratio to 1 to 4, which is fifty per cent. less than the lowest found in connection with any Clearing-house reports, and on that basis find the sum total to be \$3,725,732,072. For the transfer of these large amounts of money, whichever amount is taken, somebody should pay to the banks at least one-tenth of one per cent., which as to the larger sum would be \$18,628,660, and as to the smaller sum would be \$3,725,732, in either case a respectable amount for application to dividend or surplus accounts. In concluding this branch of the subject I desire to say that the books of any bank will show as to which of the ratios is the nearer correct, and what is the proper ratio as to the business of the same; also to say that whatever of either of the above amounts, or of any amount as determined by actual transactions, is not annually received by the banks from the makers, or those who handle such checks primarily, is a contribution in work and worry to those parties by the banks of a money value equivalent to the difference. Furthermore, I desire to say that, in this calculation no account has been taken or estimate made with reference to notes to mature which are passed to and fro in the same manner and under the same conditions, the amount of which must be very large, and largely swell the totals in the one case and the amount that should be received by the banks in the other.

But there are those who will say, while quite willing to acknowledge that while much of this business is done by them at less than it should be done or without charge, they manage to receive about as much one way and another as they pay out, and so come out even as far as dollars and cents are concerned. Such omit to make any accounting of the correspondence and clerical force necessary to do the work, thereby losing sight of items which swell their expense accounts without any corresponding amounts to be entered to the credit of profit and loss. To

all such, I would simply reply, that it were better to demand and receive as to every transaction what they were legitimately entitled to receive, and, on the other hand, to disburse in connection with such transactions as little as possible, which last may be secured by such a co-operation of the banks with respect to some plan by which the great mass may be handled as cheaply as possible, and each be benefited to a corresponding degree.

As in the case of the human organism to which disease has attached and imperceptibly become stronger and more firmly seated until it cannot be cured, a remedy is sought to alleviate and arrest it, and as in the cases of the body politic and the body social to which vices and irregularities attach and become stronger as the years roll on, so that they may not be eradicated, measures are adopted to control and stop their further growth, so in regard to the subject under consideration as regards which it would be impossible, except by such a radical change of the present business arrangements as would be disturbing to an extent too great, to go back to the point where the divergence to which I have referred began, a remedy is demanded of a character which in its effect will be to give force to the old saying that "what cannot be cured may be endured."

Clearing-houses have been organized in the larger cities, but these operate only to the advantage of the banks in those cities, and mainly in the direction of saving of travel to messengers, and that security from loss by theft or otherwise attaching to street travel, when it is known that money and valuables are carried by the traveler. Clearings made through them do not cover the whole ground, as they embrace only checks drawn upon the banks represented in the same, leaving checks upon and paper payable at banks of other cities and the extensive interior to be otherwise provided for. They do, however, fully meet a local demand, besides being of advantage in other respects, of which it is not necessary to speak in this connection.

My knowledge of the operations of Clearing-houses (you will pardon me for introducing a little personal history) in a general way dates back to the organization of the New York City Clearing-house Association in 1853. At this late date I cannot establish the fact of having had any connection with that enterprise save only from a letter from F. W. Edmonds, at that time President of the Mechanics' Bank and chairman of the organization committee, acknowledging the receipt of some suggestions furnished by me.

Subsequently in 1855, in connection with another party, at that time cashier of one of the New York State Banks, I recommended the establishing by the banks, at some central point in the State, of an office, not particularly with reference to the clearing of checks, although that was included in the recommendations, but for receiving, assorting and returning to each bank respectively their circulating notes at that time issued under State authority, and known as State Bank notes. Such office to be conducted at a moderate expense, and do away with the necessity of each bank in the State sending the bills of every other to New York to be assorted and sent to the several banks for redemption, which carried with it a charge of one-eighth to one-fourth of one per cent. The scheme was calculated to save to the banks of the State from \$150,000 to \$300,000 a year. A convention was called, over two hundred bank representatives present, and the scheme was fully approved. No organization was made, however, and nothing came of it, for the simple reason, as I believe, that every member of the convention wanted the management of the office, with a fat salary and other sinecures attached. All I have retained in hand referring to that scheme is the circular with reference to the matter issued at the time.

Thereafter I drifted into other business channels which claimed my attention for many years. Something over a year ago I prepared and published (what I had for some time purposed doing) a work treating upon the collection of country checks, not for general circulation, but with a view of calling the attention of bankers to it, by going from State to State, and of turning an honest penny in assisting to form associations and putting the work in running order in each of the several States. About the time it was completed a financial cyclone struck Wall Street, which I thought would interfere with its introduction, for the reason that an offer from any bank or association of bankers to handle all the collections of whatever name and nature of all of the banks of any one State, and to handle them at such a low rate as could be offered, would at that time have been regarded as "A Government Contract," and which at the time had become exceedingly unpopular. Later, I was called upon to wind up the affairs of a bank, which, while it was in the habit of making a proper charge for collection, did not give proper attention to the character of the paper to be collected, all of which has tended to leave my plans unheralded and unknown up to the present time. It would be impossible to give you in a paper, proper, as to the length, and as to the time you might wish to devote to its contents, the plan I have proposed and prepared, in all its details, hence I shall draw from it and present to you the chief features of the same, together with some of the advantages to be derived through operating the same.

In general, the plan simply provides for concentrating at a central point in each State of the entire collections, checks, drafts (accepted or for acceptance), notes, etc., entering into every department of business throughout such State, the distribution of the same, through such direct and proper channels as shall reach prompt returns, the speedy adjustment of both debit and credit balances, and at such a minimum charge to each bank for transacting the business as will result in a large saving to each and every bank. It is founded upon the general principles found in operation in connection with the laws of nature, recognized and fully established by scientific research and demonstration, and alike operative in connection with matters of business, resulting always in the securing of strength, power and utility through a combination of elements and a consolidation of forces.

As to the location where the business should be transacted, it should be, as to each State, the commercial centre of such State, or at each one of the prominent business centers of the country; the business, in either case, to extend to only the distance from such centers reachable by mail facilities, mainly in from twelve to twenty hours, so that the business of any one day of the whole area embraced would reach the distributing point before noon of the following day, and the returns reach their respective places by noon of the next day after. It is proposed that all the banks and bankers of such several areas should enter into an arrangement by which all items or papers, of whatever name or nature, payable at other places, received by them in the course of business, should be forwarded each day to such central point of each, and each day the items received at such point from the other banks upon them, respectively, should be forwarded in return.

The business might be operated through some one bank of good standing as to capital and business, located in such central point, making therefore a department for such particular business separate and distinct from its other business, or through an office under the management and control of all of the banks, acting jointly, located at such centers, or wherever such an organization exists through the Clearing-houses, through a department for the same separate and distinct from its other

business; or it might be done through an agency or office under the control, authority and responsibility of the entire body of the patrons, or any number of them, associating under proper rules and regulations for such a purpose, or through directors or trustees properly chosen by the members of such an association; in either case under arrangement as to the division of responsibility, etc.

As the object to be sought is the saving of expense, and quick and prompt returns, with no particular profit to accrue to any one, the way of all proposed should be selected that is the easiest to reach. I recommend the selection, as to each center, of some one bank to do the business, or that it be done through Clearing-houses where such exist. My investigation of the subject has led me to the conclusion that if the banks would generally co-operate, and the entire business be so conducted, a bank would be fairly compensated for its work, care and responsibility in connection with the business by the making of a charge of five cents on each even one hundred dollars, or parts of such, of the aggregate amount received from each bank, said banks to receive at face, and without discount, items upon themselves returned, a charge which, as to many transactions worked independently as at present, would barely cover the amount paid for postage alone.

I had desired to give several practical illustrations as to the amounts that would be saved under an arrangement as proposed, but could not, for want of time, well get at them. One bank of one of the smaller cities, doing an average business, gave me figures as to the business of one month as it would compare as now done with the same as is proposed, and found that the last would make a saving to them of \$600 a year. I have no doubt of being able to convince any one, taking up actual transactions, that a saving would be made to them. With such saving connected with a proper charge against depositors and others for the collection of foreign items the results could not be otherwise than gratifying.

Advantages are to be secured in still another direction. At present, with independent action on the part of each bank, a large balance is required to be kept in New York against which to draw for collection and balances in advance of returns from banks to which such collections were sent, whereas, with simple balances only to pay, their credit in New York might be fully employed. A table, made up, covering the transactions of the New York Clearing-house for twenty-nine years, shows the ratio of currency to exchanges required to liquidate arising balances, to range from three per cent. as the lowest to six per cent. as the highest, with an average for the twenty-nine years of four and four-tenths per cent., and it may fairly be claimed that the requisite amount for balances under the plan proposed would be no larger.

Again, should such an arrangement be entered into on the part of the banks of each State, it will be observed that there will then be a perfect medium for inter-state exchanges through the correspondence of one center with another, and how, from the monthly records of each (under proper arrangements for collecting the same) the full exchanges of the entire country may be reported, and the business of each separate State correctly reflected, all of which (incidentally) will be of value to the business interests at large.

It is also within the bounds of possibilities that these organizations, when they shall become generally established, may be used to a great extent in the acquiring and disseminating of information in regard to the loanable funds of the different sections of the country, and as well of the several points in any particular State, and in regard to how, when and where profitable investments can be made, and thus operate



in bringing the unemployed capital of one point or section in contact with the needs of some other point and section, and thus be still further of value and advantage to banking and business interests at large.

I have thus far outlined and given the general features of the plan proposed by me, together with some of the advantages to be secured by all through the plan fully in operation. While I have fully prepared all of the details that would necessarily be employed in putting the same in operation, and for the conduct of the business, it is neither important nor desirable to present them at this time; so, with many thanks for your kind invitation and attention, I leave the subject for your consideration.

"Banks and Business of the West" was treated by C. B. Evans, of Chicago, in the following manner:

There is among the people of this country, and even among the business men of the West themselves, but a very imperfect appreciation of the high degree of development which the machinery of trade has reached in the Western States and Territories. The great progress the West has made in the production of food, and the transportation of that food to the consumer, is known to everybody, but it is not so well understood that around the agricultural interests have grown up manufacture and trade in almost every variety, and that the comforts and elegancies of life are multiplying in this part of the United States as rapidly as anywhere in the world. The failure to appreciate what capital has done, and how capital has increased is specially common. We do not realize that the section of the country, known as "the Western States and Territories," which so short a time ago was a wilderness, has a banking capital of \$200,000,000, out of a total, in round numbers, of \$725,000,000 in the United States; that these banks are, generally speaking, conducted on sound and conservative principles, exerting a most wholesome influence on the business *morale* of the community; that they move the grain, meat and other products of the West to points of consumption in this and other countries; that they have on deposit with foreign institutions millions of dollars, enabling them to perform every pecuniary service to travelers abroad; and, in a word, that they are equipped for all the work that a bank can properly be called upon to do.

There was a time when the banking and currency systems of the West were in a chaotic condition, which was due, however, less to the newness of the country than to the unorganized state of financial affairs throughout the Union. Little can be said in defence of the old State bank system, with its basis of shifting sand and its currency varying in value at different points, and fluctuating from day to day, but much can justly be said in praise of such men as George Smith, whose bank notes were good always and everywhere, because his credit was good and his integrity known of all men. Much can be said in honor of such institutions as the State Bank of Indiana, whose notes were redeemed, and whose liabilities were paid to the last dollar. And there are many things to commend in the vigorous efforts, empirical and misguided as they often were, to establish a well-organized banking system and protect note-holders. The laws of all the older Western States bear the marks of those struggles. It may almost be said that these laws generally discourage the formation of such institutions, and in some States the organization of a bank is forbidden, except in accordance with a vote of the people at a regular election. More recently, our National bank system has been established; the economic forces of the country

have been brought under better control; knowledge of the science of banking has increased; a more carefully-trained body of men have come into the profession; and the ambition to conform to correct principles of banking has been cultivated. There was, during the crisis of 1873 and the year following a pretty thorough weeding out of the weaker institutions. The panic of last year demonstrated the strength of those that were left and of the new comers. There was during those terrible days very little disturbance in the West. The banks and brokerage houses that failed were small in number and importance. It cannot be claimed that this was due to any superiority of the men engaged in those branches of business in the West. It was due rather to the nature of the credits and the class of loans.

Western bankers cannot set too high a value on the fact that the basis of their business is agriculture. And students of finance will readily appreciate the quality of a collateral which consists of articles constantly needed by everybody for food. The loans on call and for short periods of time are made on grain which is subjected to an admirably careful and strict inspection before receipts are issued against it. There is just this one step of issuing receipts between the banker and the property on which he holds a lien. He is in most cases where he can put his hand on the goods any day, and he knows that he will not have to look far for a buyer in case he is obliged to sell. If, on the other hand, he holds as collateral a railroad mortgage, he has simply an evidence that somebody owes somebody else, and also a claim on a strip of land and certain machinery connected with it. But between the holding of a mortgage as collateral and the actual possession of the property which it represents, there are a score of legal contingencies which may involve much time and expense.

Those articles of commerce that bring this country most in contact with the rest of the world are agricultural products. Nearly three-quarters of the exports of the United States consist of grain, provisions, cotton and petroleum, and over half of the total comes from the West. The West is therefore cosmopolitan in its trade, if any part of the country is cosmopolitan. And all the machinery of the exchanges is here. You can make a remittance to London, Calcutta or Hong Kong through a Chicago bank just as readily as through a New York bank. The business of buying commercial bills, drawing original banker's bills, making telegraphic transfers and selling letters of credit to travelers is just as well systematized in the western as in the eastern city. The financial facilities for importing merchandise are just as good, and emigrants find in the large western cities a ready market for their drafts and foreign coin.

This and all other banking business in the West is now done mainly with western capital. An examination of the lists of stockholders in the banks will disclose comparatively few eastern names. The changes that have led up to this state of things constitute one of the most remarkable features in the financial history of the country. It was not so long ago that there was every fall a large movement of currency from the East to be used in the purchase of agricultural products, but these shipments cut a small figure now-a-days, for there is almost enough at the business centers of the West to supply the demand. The drop in interest rates from 10 per cent. to 4, 5 and 6 in the past decade is a sufficient evidence of what has been going on. The marketing of securities is another evidence. If a loan of any consequence is offered west of the Alleghanies, there are sure to be competitors from the western cities. The final purchasers of these securities, too, are western people in much larger proportion than formerly. As for the credit of western

borrowers, be it noted that a territory so new and so sparsely settled as Dakota has recently sold 6 per cent. bonds at a premium of over 3 per cent. And there has been an enormous taking up of mortgages. Dealers in securities say that the demand for them comes largely from a class of people who a few years ago could not afford such luxuries because their dwellings were mortgaged. The older business blocks, erected with eastern capital, have in a great many instances come into the possession of the people of the towns where they are situated, and the bulk of the capital for the new enterprises of that sort is from the same source. This accumulated capital is spreading out into the newer parts of the West. Wherever the settler goes and the beginnings of agriculture are made, there the money-lender follows.

But the greatest triumph of the West is its demonstration to the world of system and stability in its business. Even among the newest territories there are not likely to be any of those more disastrous collapses than many of the States have passed through. They fall into line with the business of the country after some of its most trying experiences have become a matter of history, and they can profit by their knowledge of those experiences. They have all the advantage of the National bank system; they need not go through the painful delays and disappointments of loans on real estate; they need not repeat the blunder of land speculation; they need not fear the prejudice against banks. That prejudice is fast passing away, but it still lingers among the ill-informed, the shiftless and the communistic, and here and there a farmer is found who goes to bed leaving his greenbacks rolled up in a stocking with a lighted pipe near it. But if the farmers of the West needed any argument for the utility of banks, they have had a sufficiently forcible one during the past twelve-month. Some of them had at times to pay 1, 2, and in extreme cases 3 per cent. a month for a little money to tide them over a hard place, and that, too, when funds at the principal centers of the West were going at 5 to 8 per cent. a year. And it was not in most instances because the farmer could not give good security for the loan, but because the lender had the small amount of ready money there was in the vicinity, and made the most of it. The establishment of a good bank would put an end to such extortions, and the farmer should hail any such institution as a promoter of his interests and a healthy regulator of business.

Meanwhile, the western man can congratulate himself that his section of the country has within itself all the machinery necessary for the conduct of any branch of trade. Whether he deals in pork or silk, in ploughs or bric-a-brac, the facilities are at hand, and are constantly receiving additions from the generous enterprise of other sections of the country. And if he wants a loss in speculation, he can get just as good an article on the Chicago Board of Trade as on the New York Stock Exchange.

"Our Extradition Treaties and their Defects" a timely and important subject, was considered by Washington B. Williams.

It is a maxim of public law that the laws of any nation have no force beyond its own territory. Hence a violation of such laws is not necessarily recognized as an offence in any other country to which the offender may have escaped. The offender is received as an innocent man in the country to which he has escaped, except so far as the express law or treaties or usage of that country may have provided otherwise.

Whether any obligation exists in international law requiring nations to provide for the return of offenders to the country whose laws they

have violated, is a question which has exercised the ingenuity of European publicists, and on which they are not agreed. The weight of the more modern opinion seems to be that the duty is one of imperfect obligation only, which may, of course, be recognized and performed voluntarily by the proper authority in a country, but which requires the confirmation of special compact by treaty to invest it with the force of international law.

Such action, however, not being of obligation, can hardly be deemed more than an exercise of courtesy or national comity; and in this sense it is claimed that, as no nation is bound to harbor offenders against the moral law, or the laws for protection of life and property, so it may at any time, without legal provision of its own, arrest and return to another nation such offenders who have escaped and sought refuge within its limits. This is an act of national comity; and this power was invoked by Mr. Seward in the case of the surrender of Arguelles hereafter referred to.

In our own country neither the doctrine of an imperfect obligation nor the power to exercise the national comity above mentioned has been acknowledged. It has been our practice from the foundation of our Government not to demand or surrender persons charged with crime, except only in pursuance of treaties for that purpose enforced by proper legislation as to the mode of procedure. This practice has been only once departed from, upon the request of the Spanish authorities of Cuba, in 1864, for the surrender of one Arguelles, accused of violation of the Spanish law prohibiting the slave trade. There was then no extradition treaty with Spain, and the demand was for the exercise of national comity in the surrender of a person guilty of aggravated crime. The arrest and surrender of Arguelles were ordered by President Lincoln, and were so quickly executed that there was no opportunity offered for bringing the act under the scrutiny of a court.

But it is very doubtful whether, under our form of Government, the executive can lawfully do such an act in the absence of treaty and of any statute providing for the mode of the exercise of national comity. It is not in accordance with the theory or practice of our institutions for the executive to restrain or interfere with the personal liberty of any one, except only in such cases and by such means as are prescribed by positive law. It is not probable that such an act as the surrender above mentioned will be repeated, unless the mode of the exercise of this branch of national comity shall be provided for by law. In 1873 the acting Secretary of State declined to surrender Carl Vogt, a fugitive from Belgium—there being no treaty of extradition with that power—on the express ground that the right of the executive to abridge personal liberty in the United States, and to surrender a fugitive from justice, is derived only from the Acts of Congress, and that these confer it only in cases where treaties for surrender exist.

In addition to the above doctrine that no person can be surrendered except in pursuance of obligation by treaty, there is another rule of much importance, that upon surrender the person can be tried only for the specific offense set forth in the application for his surrender, and on which it was made.

This rule naturally arises from the fact that governments do not act in these matters without investigation, and do not surrender a fugitive on a mere request. They require a statement of the alleged offence so as to see whether it comes within the class of offences enumerated in the treaty, and they require also *prima facie* proof of the commission of the offence by the person accused, of both of which points they are to judge. Hence, whenever a surrender is made, it is on the case thus

presented and proved, and not by reason of or with reference to any other charge; and it would be a deception of or fraud on the Government making the surrender, to use it for purposes not made known in the application and proofs on which alone that Government acted.

In this doctrine the usages of nations and the views of writers on international law generally agree. Our own Government has, however, denied the implication of such a rule, and has asserted that when not expressed in the treaty, no such rule exists. This was in the well-known case of Winslow, in 1876, when the British Government, on our demand for the surrender of Winslow, required from us an assurance that he should not be tried for any other offence than that on which the demand for his surrender was based. They asserted that this rule was well founded in principle, and also that by the British Statute of 1870 no surrender could be made to another State, unless provision were made either by the law of that State or by arrangement that the fugitive should not, until he had an opportunity of returning to her Majesty's dominions, be tried in such State for any offence committed prior to his surrender, other than the extradition crime on which the surrender was grounded.

Our own Government refused to give the assurance asked, but did not rest such refusal on any incapacity of the Federal Executive to give it. They maintained that the rule in question does not arise by necessary implication on the reason and nature of such cases, and that, as it is not expressed in the treaty with England it has no existence as regards this country. They also claimed that the assurance was not needed, and that the British Government had not always been consistent in their position on this subject.

The refusal to give the assurance in question resulted in a refusal by the British Government to surrender Winslow, and in a temporary suspension of action under the extradition clause of the treaty. This position was, however, too strained to continue, and the British Government in a few months announced that, without abandoning its construction of the treaty, and as a mere temporary measure until a new extradition treaty could be concluded, it would not demand the formal assurance in question.

Thus the matter has stood ever since. The better opinion seems to be that the position of the British Government was correct in principle; that the English Statute of 1870 was merely declaratory of the true implication arising on the treaty, and on all such treaties, unless expressly negatived, and that our Government might with propriety have accepted that view.

It is not clear that we could safely, or would ever, accept the opposite view in its full scope. To hold that a refugee who is arrested and surrendered by us on an alleged state of facts which alone induced our action, may, on his return to the demanding Government, be tried and punished for any other offence or act, regardless of that on which he was surrendered, would destroy the value of whatever precautions we have attached and prefixed to the act of surrender, and would conflict with our settled views of the sacredness of personal liberty, except on due allegation and proof of crime. It would also impair the security of the arrested person against being tried for political or other offences for which he would not have been extradited, and would give rise to frequent discussions and disputes between the governments, which could not fail to be attended with acerbity and ill results.

The British Government can hardly be expected, in the negotiation of a new treaty, to abandon a position in which it has the support of the general usage of nations and of the authorities on this branch of inter-

national law, and it would come with a singular ill grace from this country to maintain the contrary view. It is believed, therefore, that in such a treaty we shall concede the doctrine in question fully and finally, although it would not be inconsistent with this to agree on certain modifications, if thought advisable, such as will be hereafter indicated.

Another rule in the construction of these treaties is, that the offences for which surrender of the accused person is agreed on, are such only as are fairly included in the terms used in the treaty, taken in their ordinary accepted sense at the time of the treaty, as understood by both nations. The sense of the terms thus used will not be deemed to be extended or enlarged by any local usage or statute in either of such nations.

To furnish a recent and prominent instance of this rule of construction, the crime of forgery had a definite and well-understood meaning at common law, both in England and America, which was the making or altering of a writing so as to make it falsely purport to be the act of some other person, by which that person is sought to be bound to his detriment. In the State of New York certain statutes have also classed, under the generic term of forgery, certain other acts, such as false and fraudulent entries by a clerk or cashier in his books of account. The case of Windsor, and the more recent and notorious case of Eno, came under these statutes, and were forgery only in the sense of the statute, and as this was not what was understood as forgery in the sense of the treaty, the extradition of both of these persons was rightfully refused by the British authorities. However much it was to be regretted that the treaty did not cover embezzlement, which was the real offence of Eno, it cannot be a subject of regret or criticism that the Canadian Court declined to wrest the language of the treaty from its true meaning in order to satisfy the desire for the arrest of the criminal. Such a course would have led to evil results far greater than the failure to punish Eno.

There are now in force about thirty extradition treaties between this and other countries. We have probably more inter-communication and closer relations with Great Britain and her numerous possessions and dependencies than with all other nations put together. Yet the compact with her as to extradition is the narrowest and most inefficient of all. It comprises only seven offences, viz.:

Murder.

Assault with intent to murder.

Piracy.

Arson.

Robbery.

Forgery.

Uttering forged papers.

It will be observed that the offences which are in the present stage of commercial development the most frequent, and the most important as to property, viz., embezzlements by persons in public or private positions of confidence and trust, are not included in this treaty. Hence the failure to obtain the extradition of Windsor and of Eno, on our application to the British authorities, and of Tully in a similar case on their application to ours in 1883.

This state of things is hardly creditable to the sense of justice, the dignity and the international good will of the two countries, and as the frequency and magnitude of the offences of these classes is increasing with the growth and development of business, the importance of a treaty stipulation to cover them is becoming daily more apparent.

The offence of embezzling public funds, thus omitted from the treaty with Great Britain, is included in the existing treaties with all the other first-class powers, and with most of the smaller ones, that is to say, with France, Germany, Austria, Italy, Sweden, Switzerland, Spain, Belgium, the Netherlands, Turkey, Mexico, Nicaragua, Salvador, Venezuela, Ecuador and Peru.

The offence of embezzling private or corporate funds by hired or salaried persons to the detriment of their employers, thus omitted from the treaty with Great Britain, is included in all of the above except Germany, Austria, Sweden, Mexico and Ecuador.

It appears that we have no extradition treaties with Russia, Greece, Denmark and Portugal, among European powers, nor on our own continent with the other Central American States not above named, nor with Colombia, Bolivia, Chili, Brazil, Uruguay and the Argentine Republic.

It thus appears that the fugitive clerk or cashier who absconds with his employer's funds, whether public or private, may take up his abode and enjoy his plunder in peace, so far as criminal procedure is concerned, anywhere in the vast extent of the British and Russian empires, Greece, Portugal and Denmark, and in nearly the whole expanse of the South American continent, without referring to more remote or uncivilized portions of the earth.

If he were not a public official, but has only betrayed private or commercial trusts, his empire is far more extensive. He may expatriate at will in all of the countries last mentioned, and also in Germany and Austria, by which the domain of civilized existence for him is agreeably enlarged.

It is true there is always a possibility of surrender under the inconvenient notion of comity or international courtesy, but then, as we do not recognize any inherent power in our executive to reciprocate such action, and have made no legal provision for its exercise, it is not likely that this courtesy would be often extended to us.

It would seem, from this cursory view of the condition of our treaty rights and obligations on this subject, that the protection of property and the preservation of official and mercantile morality, suggest or perhaps demand strong efforts toward greater stringency in this direction, and that the deliberate opinion of this Association, representing such large and varied interests, would tend to stimulate the action of the proper authorities.

It is therefore suggested that the relief or improvement to be sought is as follows:

1. A modification of the treaty with Great Britain so as to cover the embezzlement of public and private funds, and if necessary to that end, adopting in express terms the rule contended for by that country in the Winslow case.

It may be possible, however, to adopt also a modification of that rule, such as exists in our present treaty with Belgium: that the extradited person may be tried for an offence other than that on which he was surrendered, with the *consent* of the Government which surrendered him, provided such offence be one of those enumerated in the treaty and committed prior to his extradition.

So, in the Italian and Turkish treaties there is a provision that the extradited person may be tried for any other "*ordinary*" crime committed before his surrender, leaving somewhat indefinite the meaning of the word "*ordinary*" in this sense, and which might well be more accurately defined.

It is doubtful whether the British Government will at present agree to make the operation of such a clause retroactive, so as to apply to

offences committed prior to the adoption of the clause. Yet no good reason is perceived either in morals or in expediency why this retro-active force should not be given, and it should be asked for with earnestness and with a confidence based on its justice.

2. In pursuance of the same policy efforts should be made to modify the treaties with the great commercial nations of Germany and Austria, so as to make them include the crimes of private as well as public embezzlement. (I speak of Germany as a convenient term for the collection of States which now form the German Empire.) Such a course would be truly reciprocal, and would benefit them as much as ourselves. It is hardly necessary to suppose that any political reasons or influences exist among us to delay or prevent negotiations to such an end.

The example of all other civilized nations could then be suggested with force in similar propositions to Russia and to the smaller powers with which we have as yet no treaty of this class. So far as fairness of trial becomes a question in the matter, we need hardly manifest any distrust of Russian procedure in dealing with Russian swindlers or other criminals, while we have a full treaty with Turkey requiring the return of Turkish offenders of all the classes referred to above.

Perhaps, however, it would be more immediately useful than a treaty with Russia to bring about the extension of these stipulations to the treaties with Mexico, Brazil and the Argentine Republic, and possibly with Chili also, although our somewhat strained relations with that country render the successful negotiation of such a treaty less likely than in the other cases.

It is the province and the duty of our Executive to initiate the efforts for new treaties and for improvements in existing treaties. It is understood that the matter is already far advanced in discussion with the Government of Great Britain, but to what precise extent has, of course, not been made known. An expression by this body collectively, and by its members so far as they may feel it their duty, to the Executive Department, and to the Senate Committee on Foreign Affairs, would doubtless exert a proper influence in suggesting action and sustaining it by the force of public opinion.

Lyman J. Gage was re-elected president, and Joseph W. Patterson, President of the Western National Bank of Philadelphia, was elected Chairman of the Executive Committee.

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**THEFT OF BLANK CHECKS.**—The theft of a number of blank bank checks, printed to order for New York business houses, recently caused the banks in the vicinity of Wall Street to be on their guard. The stolen blanks are apparently in the hands of several persons. Some of the checks have been skillfully filled out, signed with forged signatures and cashed by different banks. It is customary for firms whose business requires the frequent use of bank checks to have private check books of 1,000 checks manufactured, each check having engraved upon its face the name of the person or firm for whose use the book is made. A man presented a check for \$500 payable to bearer at the German American Bank, in Wall Street. The check purported to have been drawn by Beltzer & Lichtenstein. The cashier of this bank had been warned of the prevalence of bogus checks, and he made a critical examination of the one presented. He satisfied himself that the signature was a forgery, and had the young man who presented the check arrested. The prisoner was taken to the Tombs Police Court, where he gave his name as Nelson J. Gaylord, and occupation that of a bartender. Gaylord was held in \$2,500 bail for trial.



## ENGLISH BANKING PRACTICE.

[CONCLUDED FROM THE SEPTEMBER NUMBER.]

## COUPONS.

These should not be credited until advice is received of the exact amount they have realized, because of the differences that are sure to arise in the calculation of Income Tax. Although it should be easy to determine the exact deduction to be made for this tax, yet, since the Government year does not coincide with the commercial year, difficulties often arise. It may be observed that the paying banker simply follows the instructions of the issuer of the bond as to the rate at which he deducts the tax, any complaint should therefore be addressed to the issuer or his agent, not to the banker.

In order that the coupons may be cashed on the due date, they should be sent up at least ten days before maturity. Neglect of this precaution causes delay and much consequent complaint.

Some coupons, at the holder's option, are payable either here or abroad, and when the rate of exchange is favorable, they are often sold, by which course also income tax is saved, though the owner should then return his income at so much more. In such cases the banker should have precise instructions as to whether they are to be collected or sold, or he may be censured, in the one case for obtaining so little, or in the other for causing loss to his customer, because the purchaser of such coupons will reclaim the amount should the Company liable on the coupons stop payment in the interval between the sale here and the time when they could be presented at the paying office abroad, as happened in the case of an American railway a few years ago.

Coupons do not require any revenue stamp now, and should not be "crossed," because, if they are returned unpaid, the "crossing" will prevent the sale of the relative bonds on the Stock Exchange, where they will not be a "good delivery." Coupons should be sent up in numerical order, and with the coupons of each *class* of bonds, as well as of each Company or State, on a separate list. Drawn bonds sent for collection should be treated in the same way as coupons.

*Deposit Receipts.*—These receipts for deposits are not transferable documents. If they are issued to more than one person, particulars as to withdrawal, and as to the rights of survivors, should be endorsed on them at the time of issue. Specimens of the depositor's signatures should always be taken in the signature book. Great care should be exercised in paying them if the depositor does not attend in person, and no checks should be paid against an amount for which a deposit receipt has been issued without its production. If the receipt declares the deposit to be at seven days' call, it should not be paid until the notice has expired. Although properly receipted by the depositor it might be presented by a wrongful holder, and not being a transferable document, the banker might be required to pay the amount again if he paid it before maturity. If the deposit receipt is lodged as security for payment of a bill, a memorandum should be taken to that effect, or a check

given, "pay A. B.'s acceptance," to be held until the bill matures. If a banker has to collect a deposit receipt of another bank, the person in whose favor it is issued should sign a receipt at the back in these terms: "Received within named sum of \_\_\_\_\_, with interest to this date," and a receipt stamp should be affixed.

## STOCKS AND SHARES.

When customers have instructed a banker to buy or sell stocks, it is not unusual for dissatisfaction to be expressed because they have not obtained the highest quotation of the day. The explanation is that the broker, to whom the banker gives the order, applies to a "dealer" in the security to which the order relates, and, without indicating to him whether he is a buyer or seller, asks him to make a price. The dealer names two prices, at the lower of which he will buy, and at the higher of which he will sell, and the sale or purchase is then effected if the prices are within the limits of the order. By this method the customer is most equitably treated, though it is clear he cannot buy at the lowest or sell at the highest price, the dealer taking the "turn" between the two prices he quotes, as his remuneration for offering a ready market.

Transactions on the Stock Exchange are usually made for "the settlement," of which, for most stocks, there are two in each month, one near the middle, the other at the end. For Government (English) stock there is, however, only one settling day, at the beginning of each month; but the market for these stocks is so active that they can readily be bought "for cash," "for account" (or settling-day), or for any intermediate term that may be desired.

A banker should take care that a careful record is kept of all transactions on behalf of his clients, so that he may be able to inform his agents at dividend time of the exact amount of stock in each account upon which they are to claim the dividends.

The following form contains the particulars which should be obtained from a customer and communicated to the broker, the variable details being those in italics:

Manchester, 18 *February*, 1885.

To Bank.

Instruct your Brokers to { buy }            { for cash }

{ sell }                 { for account }

*Two thousand pounds Consols*  
*One hundred shares in the City Bank,*

<i>at</i>	<i>not over</i>	<i>£</i>	<i>per cent.</i>
<i>not under</i>			<i>per share</i>

*to be registered in the names of* (giving full Christian names  
 and precise addresses and occupations) and *charge* same to the account  
 of *credit*

This order to remain in force until ( *canceled in writing,*  
28th February, 1885.

(Signed) A. B.

If a purchase, this order should be signed by the person whose account is to be debited with the cost, in *exactly* the same way that the banker would require a check to be signed. If a sale, it should be signed by all the parties in whose name the securities are registered, or, if they are unregistered or transferable by mere delivery, by all those who are represented as the owners.

Sometimes an order is given to "invest" a given sum of money in a purchase, not to "purchase a given amount of stock. The effect may, of course, be very different, and in all cases orders should

be carried out to the letter, particularly if given through a solicitor, only seeing that he furnishes the proper authority of the owners of the money or securities as the case may be.

When the order has been executed the broker will send a contract note setting forth the conditions upon which the transaction has been concluded.

If the transaction is a purchase of government, corporation, or colonial inscribed stocks, etc., the bank will not register more than four holders in one account, and they are registered as owners in their own right, the bank declining to take cognizance of any trusts whatever.

The broker must be provided with the amount of the purchase money on the precise date upon which the transaction is to be completed, and this should be in cash, or what becomes cash in London on that date. He will, in return, send, in addition to his acknowledgment, a "Stock Receipt," setting forth the amount of money received by the vendor, the name of the person from whom received, and the amount of stock transferred. This stock receipt, however, is intrinsically of no value, and though it is upon an official form, it in no way binds the Bank of England, so that if the purchaser requires any further assurance of the completion of the transaction it must be obtained by an inspection of the account in the bank books, and any holder is entitled during business hours to inspect the accounts in which his name appears on the bank books, and may accept the stock either personally or through his attorney, authority for this purpose being, on request, included in a power either to receive dividends or to sell stock.

In joint holdings, where the bank is aware of the death of one of the registered owners it declines to allow additions to be made to the holding.

If the stock is to be registered in the name of a corporate company, the bank requires a specimen impression of its common seal and a declaration stating under what Act the company is incorporated and verifying the specimen seal.

The bank provides its own forms for all the various documents it requires in dealing with the stocks it has charge of, and all inquiries should be made through agents or brokers, if the inquirer cannot attend personally at the bank.

If the transaction is a sale of any security for which the transfer books are kept at the Bank of England, unless it is convenient for the seller to attend at the bank personally, a power of attorney for sale will be required. When, therefore, a banker receives an order for sale of such stock, he should ascertain whether one has already been executed, and, if so, in whose favor. If it has, the order must pass through the hands of the persons named in the power or a new one must be obtained, in which case the owners have to decide whether it shall be a standing order for sale affecting the whole of their holding or only be good for the precise amount of stock to be sold at the moment. A general power for sale is effective for ten years from its issue, over the whole of the holding, however it may vary, unless the owner of the stock operates upon the account personally or issues a new one, in either of which cases the old power becomes useless.

When a power of attorney is required for any purpose, the broker or agents must be furnished with full and precise particulars of the names, addresses and occupations of the owners of the stock as registered in the bank's books.

If only part of the stock be sold, it is unnecessary to mention the whole amount of stock held when procuring a power of attorney.

If the transactions take place about dividend time, a little attention should be given, if stock is sold "*ex. div.*," to see that the dividend is obtained from the bank when due, as sometimes, the stock having been sold, the dividend is not claimed. A power for receipt of dividend can be included in one for sale, if required.

If a holder is dead, before the account can be operated upon, the bank requires exhibition of the probate or letters of administration, and the addresses of the executors or administrators, and, if the description of the stockholder in the probate or letters of administration differs from that in the bank books, a declaration of the identity of the persons.

In joint holdings the death of any one of the holders is proved by exhibition of probate or letters of administration, or the deposit of a certified copy of the *burial* register, and a declaration of comparison and identity, after which the survivors can deal with the stock without any intervention of the representatives of the deceased.

Certificates of death are not accepted.

If all the holders are dead, the bank requires similar particulars respecting all the holders except the one who died last, and for him the same particulars as though he were a sole holder. Probates and Letters of Administration must not be sent to the bank by post.

The bank will recognize a power for sale, although since its issue some of the holders are dead, if their deaths have been duly proved at the bank.

In the execution of powers of attorney the instructions as to execution printed thereon must be scrupulously attended to.

If any holder has changed her name through marriage, the bank requires the fact to be notified to it.

If any registered stock or shares are bequeathed specifically to any individuals, whether they be registered at the bank or in the books of any company, the representatives of the deceased registered holder must nevertheless transfer the stock to the legatee in the usual manner. The bank provides special powers of attorney for transfer exclusively.

Dividends on stocks are now paid by the Bank of England, either to the holder on application at the bank or at any of its branches, if arrangements are made for that purpose, or they are sent by post to the registered address of the owner if he is resident in the United Kingdom, or if the holding is a joint one, to any one of the owners authorized by the *whole* of the holders to receive the dividends, but they are not paid to any person not on the register, except under the authority of a power of attorney.

Past due dividends will be remitted by a post warrant, if they are specified in the form applying for dividends by post.

Dividends which have been unclaimed for ten years are handed over to the National Debt Commissioners, but are repaid, without interest, on the claimants making good their title. If one of several joint holders is dead, the bank requires a new power for dividends to be taken out.

If a power for dividends is required for a joint account where one of the holders is a lunatic, the bank requires statutory declaration, if he is in an asylum, from his regular medical attendant and from the keeper of the asylum, and, if he is at home, from his

regular doctor and from a second medical man. In all cases a declaration of identity will be required.

The bank deducts Income Tax from all dividends of £5 per annum, or upwards, unless instructed to the contrary by the Inland Revenue Department. Claims for exemption from tax, or for return of tax already paid, must be made through the surveyor of taxes, where the stockholder resides, and no certificate of deduction is furnished by the bank or required by the Inland Revenue Department.

For stocks and shares other than those attended to by the bank of England, the Stock Exchange regulations are in some respects different. Those stocks which are transferable by mere delivery must be delivered by 2.30 P.M. on the settling day, or they can be "bought in" on the following day, in which case all loss and expense will be charged to the person who has failed to complete the bargain. Registered shares, which require a transfer executed by the vendor, may be delivered within ten days from the account day. The purchasing broker will not pay the money until the transfer is tendered to him in proper order, but the vendor's broker is entitled to demand payment on the settling day, or as soon after as he can produce the transfer properly executed.

Sometimes instead of settling stock transactions direct with the broker a banker instructs his agents to pay the broker on delivery of the specified securities, if in apparent order. In this case the order should indicate whether the money may be paid *pro rata* for the securities when tendered piecemeal, and whether share certificates are to accompany the transfer, or whether a "certified" transfer may be taken. A certified transfer is one which, in place of having share certificates accompanying it, has a certificate upon it, from the registrar of the company whose shares it refers to, certifying that share certificates to meet the transfer are already lodged with the company. A similar certificate is often given by a stock exchange secretary, and a transfer with such a certificate by the Secretary of the London Stock Exchange is held to be a good delivery in the London market. Such certificates by an individual broker would not be accepted, and I am informed that the certificates of some provincial stock-exchange secretaries would not readily be accepted out of their own local markets.

In some cases it will be desirable to ascertain, before parting with the purchase money, whether the company's regulations require the name of a new shareholder to be submitted for approval, whether all calls have been paid, and whether the company have a lien on their shares which they have reason to enforce, but these are not points with which a banker need concern himself, except where he accepts orders *qua* broker. Then, in addition, he should see that his client obtains any dividend to which he may be entitled.

When a transfer is sent in it should be as promptly as possible executed by the purchaser and sent, with share certificate attached, for registration either through the broker or direct to the company to whose shares it relates, in which case the transfer fee should be enclosed.

In the case of sales, similarly, securities are sometimes sent direct to an agent to be surrendered against payment. The broker is entitled to examine them to see if they are in order before paying for them, but the banker should not deliver them to him except in exchange for cash, unless specially authorized to do so.

The consideration money mentioned in the transfer may not agree with the amount for which the banker's customer has sold the stock. This is explained by the fact that it may have been sold over and over again before it was actually transferred, and the price given by the last purchaser, not that taken by the first vendor, is inserted in the deed.

"Burdett's Official Intelligence" is essential in any office where much stock and share dealing is transacted, or where many marketable securities are held.

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## SUPREME JUDICIAL COURT OF MASSACHUSETTS.

### *Merchants' National Bank v. National Bank of Commonwealth.*

PAYMENT—MISTAKE—ACTION TO RECOVER BACK—FAILURE TO RETURN HAD CHECK WITHIN TIME REQUIRED BY CLEARING-HOUSE RULES.

By the rules of the Clearing-house Association, of which plaintiff and defendant were members, mistakes made in the Clearing-house by crediting checks which are not good, are settled between the banks themselves. Such checks are to be returned by the bank receiving them to the bank from which they are received as soon as it is found they are not good, and in no case are they to be returned after one o'clock. The plaintiff paid to the defendant through the Clearing-house the amount of a check drawn upon it, and which the drawer had not sufficient funds in the bank to meet. By a mistake, caused by the wrongful act of the drawer, the check was not returned to the defendant until after one o'clock. In an action brought to recover back the amount paid on the check—

*Held*, that inasmuch as the defendant had not changed its position in reference to the check during the interval between one o'clock and the time when the check was actually returned, and it appearing that the plaintiff had exercised reasonable care and diligence in the matter that plaintiff could recover. That defendant could not, under such circumstances, on behalf of the owner of the check, take advantage of plaintiff's failure to return it within the time required by the rules of the association.

*Held* further, that plaintiff was only entitled to recover the difference between the amount paid defendant on the check, and the amount of the drawer's deposit in plaintiff's bank for which he had a right to draw.

Contract to recover back \$15,000, alleged to have been paid by the plaintiff, by mistake, upon a check, given by Benjamin F. Burgeess & Sons, to the Massachusetts Loan and Trust Company, by which company it was deposited with the defendants, and paid by the plaintiff to the defendant through the Clearing-house.

DEVENS, J. The rules and course of business of the incorporated association, called the Boston Clearing-house Association, have been so often set forth in the recent decisions of this court, that they do not require to be here fully restated. They were adopted solely for the purpose of facilitating exchanges and adjustment of accounts between the banks. By a contract between them, an association is formed which is their common banker. To this association, each bank, which is indebted, by reason that more checks, etc., were presented, as drawn upon it, than it presents as drawn upon other banks, who are members, pays the balance found due from it to the association, while each bank that shows a balance in its favor receives from the association the amount, by its check. Mistakes in this computation that may be made, because checks were not good,

are not settled by the association, but between the banks themselves, and such checks are to be returned by the banks receiving the same to the banks from which they are received as soon as it shall be found that they were not good, and in no case were they to be retained after one o'clock.

To the regulations of this association the customers of the banks are not parties, and whatsoever effect is to be given to them, as between the banks, their customers are not in a situation to claim the benefit of them, nor are they liable to be injuriously affected by them. *Merchants' Bank v. Eagle Bank*, 101 Mass. 281; *Manufacturers' Bank v. Thompson*, 129 id. 438; *Bank of North America v. Bangs*, 106 id. 441; *Exchange Bank v. Bank of North America*, 132 id. 147.

By these regulations it was, in substance, agreed in the case at bar, that if Burgess & Sons had to their credit a sum sufficient to meet the check, for which they were entitled to draw, the amount of which is here demanded, the provisional allowance of it at the Clearing-house should stand, but that if it appeared, on investigation, that they were not entitled to draw for any such sum, the check would not be returned by the Merchants' Bank after one o'clock. The bank which had sent the check to the Clearing-house would thus be notified that it was not good, and that re-payment of the amount of it would be expected by the bank on which it had been drawn. The check was not returned to the Commonwealth Bank until after one o'clock. It is not disputed by the plaintiff that if, in consequence of this, the defendant had changed its position, as if it had paid over the amount of the check to the owner, who had deposited it with the bank for collection, the bank should not suffer, but it contends that when, by a mistake as to a matter of fact, it has delayed the return of the check until after one o'clock, this cannot be taken advantage of by the bank on behalf of the owner of the check, there having been no change in its position in the interval between one o'clock and the actual return of the check. The case of *Merchants' Bank v. Eagle Bank*, *ubi supra*, goes far to decide case at bar.

In *Procter v. Canadian Bank of Commerce*, 23 Fed. Rep. 179, in the United States court, for the northern district of Illinois, it was held otherwise, and there decided, that a mistake discovered after one and one-half o'clock, which was then the hour for returning checks, could not be corrected by the bank making it, nor the check then returned. But we have not overlooked the right of parties to make such agreement as they chose. The question is as to the interpretation of the rule, which they, as members of the Clearing-house, have adopted. The rule is, "whenever checks, which are not good, were sent through the Clearing-house, they should be returned by the banks receiving the same to the banks from which they were received, as soon as it shall be found that said checks were not good, and in no case shall they be retained after one o'clock." If it were intended that mistakes should never be corrected, unless discovered by one o'clock, this should in terms explicitly appear. As it does not, it seems to us the more correct interpretation to hold that the rule authorizes the bank receiving the check after one o'clock arrives, and the check is not returned, to treat it in all transactions as if it were good. If, therefore, the bank changes its position, it will suffer no loss by reason of it. On the other hand, if the mistake is discovered after one o'clock, and the bank receiving the check has not changed its position, by reason of the

expiration of the time, it should rectify the mistake, where reasonable care has been exercised by the bank on which it was drawn. The case of *Merchants' Ins. Co. v. Abbott*, 131 Mass. 397, was here distinguished.

In the case at bar there has been no change of circumstances after the time when the defendants had a right to treat the check as paid and before it was returned, which would, in any way, subject the defendant to loss, or render it unjust for the plaintiffs to recover. The fact that the defendant gave credit to its depositor in this interval did not make the defendant bank liable to him, when a mistake was discovered, which showed it to have been erroneously done. The mistake made by the plaintiff bank was such as would bring the case within the rule which has heretofore been held applicable on this subject. There was no carelessness as in *Boylston Nat. Bank v. Richardson*, 101 Mass. 287.

The mistake in the case at bar was that the account of Burgess & Co. with the plaintiff bank was really different from that which appeared on its books, and this was effected by the wrongful act of Burgess. He had received a check for \$7,500, for property belonging in specie to the bank, which it was his duty to have delivered to the bank as its property. Instead of doing this, he deposited the check as the property of Burgess & Co., and by that act obtained for them a credit on the books of the plaintiff bank, to which they were not entitled. Against the false balance thus produced, by depositing the money of the bank as if it were their own, Burgess & Co. fraudulently drew the check in controversy, and it led to the retention of the check until a few minutes after one o'clock.

But, if money paid under a mistake of fact may be recovered, and if the credit to which the defendants were entitled at one o'clock might be reached on discovery of such a mistake, it is urged that the plaintiff should then have been able to show mistake, misapprehension or ignorance of some definite and material fact, which directly affected the obligation of the plaintiff to pay the check; that the credit was sought to be recalled under a vague apprehension of insecurity produced by reports of the embarrassments of Burgess & Co., and this, it is contended, is not sufficient, even if subsequent investigation has shown that the apparent credit of Burgess & Co. with the plaintiff bank had been fraudulently obtained in the mode above stated. It appears by the report that the president of the plaintiff bank, being led to think that Burgess & Co. were in financial trouble, then discovered that the avails of the sugar confided to Burgess to sell had not been received by the bank upon the indebtedness for which it was pledged as collateral, and looking at the condition of Burgess & Co.'s bank account, directed the return of the check. But even if, at the time of the return of the check, the president could not have stated the exact way in which the mistake had been made, when subsequently investigated, it is shown to have arisen from the same transaction to which he then attributed it, and which caused him to direct the return of the check, viz., the sale of the sugar confided to Burgess. He supposed that the proceeds of the sugar had not been paid into the bank at all, while, in fact, they had been paid, but so as to obtain, by spoken or acted falsehood, a wrongful credit for Burgess & Co. Nor can it be seen why the plaintiff bank might not have returned the check the next day if there had been no change in the circumstances, and if it had then discovered, as it did, the exact character of the mistake.



The defendant further urges that there has been such laches on the part of the plaintiff bank in its dealings with Burgess that it is not entitled to recover. *Dana v. Bank of the Republic*, 132 Mass. 156.

On August 23d or 24th demand was made upon Burgess for payment of demand notes, which were then deemed to be amply secured by sugars as collateral. Two days after this Burgess told the plaintiff's president that "he had sold or bargained 217 hogsheads and the warehouse receipts were delivered to him, as agent of the bank, to enable him to transfer the sugars sold, with the understanding that the money received therefrom would be applied upon the debt for which they were held as collateral security. A check was received September 21st therefor of \$7,500, which was the one wrongfully deposited by Burgess to the credit of Burgess & Co. The laches which defendant alleges, is in looking after the proceeds of this sugar until September 24th. But up to this time the plaintiff bank had not supposed Burgess & Co. to be in financial straits. They had always been allowed to dispose of the goods pledged by them as collateral, and had always faithfully accounted for the proceeds of the same. That no suspicions were, in fact, excited until September 24th, is quite clear, and the circumstances are not such that we can say there has been laches on the part of the plaintiff that should deprive it of its remedy for the mistake into which it was led by Burgess's fraud.

At the hearing before a single judge the defendant contended that the remedy of the plaintiff was not against defendant, if any, but against the Massachusetts Loan and Trust Company, and that the plaintiffs got the benefit of the sale of the sugar by applying the proceeds on another loan. Neither of these positions is tenable. Where a party who has paid away money is entitled to recall it, he may do so, provided the agent has not paid it over to the principal, and that no change has taken place in his situation which would render it unjust to him. The fact that the agent has passed the money in account with his principal, without a new credit being given to the principal, will not of itself be sufficient to enable the agent to retain it. Story on Agency, § 300.

Nor can the plaintiff obtain any benefit from the sale of the sugars by Burgess except by this action, which, to the extent to which it is maintained, will restore to them that which by Burgess's fraud they have been induced to pay out.

The question, how much the plaintiff was entitled to recover, remains. By the course of dealing between the banks composing the Clearing-house Association, where there is not enough money on deposit to pay a check in full, the ordinary custom is to return it as not good. This custom has no application to the inquiry how much the plaintiff may now recover, which is one outside of the Clearing-house rules. These were not complied with by the return of the check within the time, and cannot control in determining how much shall be returned after payment of it has been made. If no mistake had been made, and the plaintiff had followed the custom, it is true that it would have refused the check entirely, and thus have kept in its control the other funds of Burgess & Co., not the subject of mistake which it might have applied in offset to the other claims which it held against Burgess & Co. But the defendant is not bound to indemnify the plaintiff against all the incidental consequences of its mistake, but only to return that money which was the subject of the mistake. So far as Burgess & Co. were en-

titled to draw, the defendant has now the right to hold. The fact that if Burgess & Co. had overdrawn, and this had been known to the plaintiff, it would have wholly refused the check, should not deprive the defendant of that which it was the duty of the plaintiff to pay him upon a check properly drawn when it has, itself, honored the check as it was actually drawn. The plaintiff bank was entitled, if it saw fit to pay the check, to the amount actually due from it to Burgess & Co., if the defendant was willing to accept that sum. Nor is the plaintiff here entitled to recover any money to the use of Burgess & Co. It would do so if it recovered the money for which Burgess & Co. had a right to draw, even if, when recovered, it would go to the use of Burgess & Co., only by the payment of his other debts or liabilities to the plaintiff bank. The money, which was the subject of the mistake, was \$7,500. In the forenoon of September 24, and necessarily before the check of defendants could be treated as paid, three checks, amounting together to \$1,425, were drawn from the deposit of Burgess & Co., which was nominally \$17,145.56. These two sums being deducted from this deposit, there remained \$8,220.56, for which Burgess & Co. had a right to draw. The amount which the plaintiff is entitled to recover is the difference between this sum and \$15,000 with interest from date of writ.

Judgment accordingly.

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### LEGAL MISCELLANY.

CORPORATION—ASSIGNMENT OF STOCK—CREDITOR ATTACHING.—An owner of stock, holding a certificate thereof in his own name in a manufacturing corporation existing under the general laws of, and doing business in, this State, delivered a certificate with a printed assignment in bank, signed by him, indorsed upon it, to the plaintiff, for the purpose of transferring the stock to the plaintiff to hold as security for negotiable paper. While it so held the certificate, and before the assignment had been filled out, and before notice of the assignment had been given to the corporation, the stock was attached by the defendant Williston, who had no notice of the assignment, as the property of the assignor. The certificate contained on its face the words "transferable only on the books of this company, in person or by power of attorney, on surrender of this certificate." This bill is brought by the plaintiff to secure its right in the stock, and the question is whether its title is good against Williston as attaching creditor of the assignor. There are two such assignments, the circumstances being alike, except that one was made before the statute of 1881, ch. 302 (Pub. Stats., ch. 105, § 24), and the other when that statute was in force, and that the assignor was the treasurer of the corporation when the last one was made. It is assumed that the assignments are sufficient to sustain the right of the plaintiff unless they are rendered invalid against the attaching creditors by the statutes of this State. *Boston Music Hall v. Cory*, 129 Mass. 435, and cases cited; *Sibley v. Quinsigamond Nat. Bank*, 133 Mass. 515. The general Act relating to manufacturing corporations in force when the first assignment was made was the statute of 1870, ch. 224 [§ 26, quoted from]. The policy of the legislation of this Commonwealth has

been to make stock in corporations liable to attachment by the creditors of the owner. Stats. 1804, ch. 82; 1808, ch. 65; 1846, ch. 45; 1833, ch. 187, § 8; 1864, ch. 229, § 10; 1838, ch. 98; Pub. Stats., ch. 161, §§ 71-73; ch. 171, §§ 44-50; ch. 105, §§ 25, 26, cited. The inference from this course of legislation that the record of the transfer of stock required by statute is for the benefit of attaching creditors is strengthened by the action of the Legislature at its session next after the decision in *Boston Music Hall v. Corey*, *ubi supra*, by the enactment of the statute of 1881, ch. 302. Stat. 1884, ch. 229; *Fisher v. Essex Bank*, 5 Gray 373; *Boyd v. Rockport Mills*, 7 Gray 406; *Blanchard v. Dedham Gas-Light Co.*, 12 id. 213; *Johnson v. Somerville Dyeing Co.*, 15 id. 216; *Rock v. Nichols*, 3 Allen 342, cited. The question is not presented in precisely the same aspect in the case at bar as in any of the cases cited, but it is the same question. The stock has not been sold or transferred under the attachment, but the right to it was fixed when the attachment was made. The attaching creditor then acquired the rights of a purchaser for value, and the case is to be determined as if the stock had been sold on execution and a certificate of it given to the creditor. At that time the blank assignment had not been filled out or presented for record, and no demand had been made on the corporation for a new certificate, and the attaching creditor had no notice of the assignment. That upon these facts the statute makes the assignment invalid as to him cannot be doubted. The legislative action and judicial decisions upon the subject are conclusive of the construction and effect to be given to the statute. The second assignment is affected by the statute of 1881, ch. 302, which is decisive against the right of the plaintiff. [*Central Nat. Bank v. Williston*, Mass. Sup. Ct.]

**NEGOTIABLE INSTRUMENT—COUPON BONDS—NEGOTIABILITY—SEAL.**—A coupon bond of a private corporation, payable to bearer, and secured, together with other bonds of the same character, by a mortgage on the works of the company, is a negotiable instrument, and the mere addition of the seal of the corporation does not destroy its negotiability. When such bond is delivered by a person having possession of the same to another party, who gives value for it and takes it without notice of any defect in the title, the title passes to the transferee irrespective of any defect in the title of the transferor. It is held by the Supreme Court of the United States, and by the courts of our sister States, that the bond of a corporation is negotiable, and that the mere addition of the seal of the corporation which issued it does not destroy its negotiability. So where the name of the payee is left blank the holder may fill in his own name and bring suit on the instrument. *Chapin v. Vermont & Mass. R. Co.*, 8 Gray 575; *White v. Same*, 21 How. 575. The bond of a railroad company to secure payment of money, although under seal, when made payable to bearer or to order, is regarded as invested with all the attributes of negotiable paper. *Zabriskie v. Cleveland, C. & C. R. Co.*, 23 id. 381; *Winfield v. Hudson*, 28 N. J. L. 255; *Murray v. Lardner*, 2 Wall 120; *Morris Canal Co. v. Lewis*, 12 N. J. Eq. 323. So municipal bonds, made payable to bearer, are held to be negotiable. They are transferable by delivery, and the holder may sue in his own name. Taylor on Priv. Corp., § 326; *Commissioners v. Clark*, 94 U. S. 278; *Cromwell v. County of Sac*, 96 id. 51; *Ottawa v. National Bank*, 105 id. 342; *Thompson v. Perrine*, 106 id. 589. The early decisions of our own State do not recognize this rule to its full extent. The later cases, however, have been gradually approaching a con-

clusion in harmony with the decisions elsewhere. We will refer to a few cases showing the conflict which has been going on and the final conclusion reached. It was held in *Frevall v. Fitch*, 5 Whar. 325, and in *Hopkins v. R. Co.*, 3 W. & S. 410, that an instrument in the form of a promissory note, if attested by the seal of the corporation, was not negotiable. In *Carr v. Lefevre*, 3 Casey, 413, it was held that a bond issued by a corporation, payable to bearer, will pass by delivery, and the holder may sue on it in his own name. In the opinion of the court, by Mr. Chief Justice Lewis, it is said: "We do not desire to have any doubt on the question whether the holder of bonds issued by a corporation, payable to bearer, may maintain an action on them in his own name. Such bonds are not strictly negotiable under the law merchant, as are promissory notes and bills of exchange. They are, however, instruments of a peculiar character, and being expressly designed to be passed from hand to hand, and by common usage so transferred, are capable of passing by delivery so as to enable the holder to maintain an action on them in his own name." This rule is recognized to be correct in *Phila. & Sunbury R. Co. v. Lewis*, 9 Casey 33. It was ruled in *Diamond v. Lawrence County*, 1 Wright, 353, that a coupon bond of the county, under seal, should not be treated as negotiable paper, although it was there conceded that all the courts, American and English, held otherwise. *County of Beaver v. Armstrong*, 8 Wright 63, contains a very full reference to the authorities, showing that corporation bonds under seal payable to bearer in money were negotiable. See also *Bunting Admr. v. Camben, etc.*, R. Co., 31 P. F. Smith 254; *Gibson v. Lenhart*, 5 Out. 522; *Phelan v. Moss*, 17 P. F. Smith 59; *McSparran v. Neeley*, 10 Norris 17. [*Mason v. Frick*. Penn. Sup. Ct.]

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### ECONOMIC NOTES.

In the early part of this century Malthus laid down the theory that pestilence, famine and warfare are the outcome of over-population and a providential arrangement for the disposition of the surplus of humanity above the supporting power of the land. From this theory some economist derives a principle that population should be restricted by artificial restraints put on early marriages. This principle was ably combated by scientists, who showed that a public sentiment was the best possible restriction to put on early marriage, and that the ignorant and lower class of society on whom such a sentiment would be of no avail would go on producing children while the increase of population from the higher strata of society, needful to counterbalance the inferior, would be checked. The cure of over-population, such scientists hold, is not in keeping down the population, but by encouraging emigration and colonization in those continents as yet almost uninhabited and in those regions where denser population is needful to gain the best results from the land. Many economists of to-day see in emigration the cause of all the ills of society. The French Chamber of Deputies, by appropriating a large sum for the public support of every seventh child born to needy French parents, have put a premium on increased population. The public care and education of these "seventh" children will be an interesting reminder of Solon's plan for the

strengthening of the Greek state. The French chamber have evidently not bothered their heads about an over-population. They see ample room for all humanity in what seems to them the boundless tracts of uninhabited country in "*La Belle*" France, and they leave with customary French *abandon* posterity to find out for itself the truth or falsity of the horrid scenes of famine and desolation of the Malthusian theory.—*Albany Evening Journal*.

RESTORATION OF MINERAL VEINS.

A correspondent of the *Alta California*, in speaking of the Comstock lode, asserts that it is still growing, though with diminished activity. The lode was probably millions of years in reaching the condition or state of growth to which it had attained when it was first discovered and the extraction of its stored wealth commenced; in millions more, if left undisturbed by man, all the great chambers that have been robbed of their ore might again be filled. Mining on a vein he compares to a wound inflicted, and which nature, if left alone, will exert itself to heal. Regarding this as a fact or a petty conceit, it is, nevertheless, interesting, and the following illustrations will be found most instructive and entertaining.

In the work now being done in the old upper levels of the Consolidated Virginia there has been encountered a very interesting exemplification of the healing process of nature, as referred to above. Drifts that were run some years ago in porphyry, not in clay or ordinary soft ground, are found to have closed so effectually that timbers sixteen inches square have been compressed to about three inches. It is necessary to again blast out the material, so thoroughly has the ancient wound healed, and but for the presence of the compressed timbers it would be difficult to convince the observer that the ground had ever before been opened. In the same mine, on 1,200 feet level, are drifts that were years ago filled with waste which are so effectually closed and solidified (healed up) that in opening them it is now necessary to blast as at first. Not only are the contents of these drifts agglomerated by compressions, but they are also agglutinated and brought to the greatest possible degree of homogeneity through the condensation in their midst of vaporous emanations and gaseous exhalations from heated subterranean depths. But for the finding of occasional remains of timbers in these drifts, or of fragments of rock showing the marks of tools, the present miners would see no trace of their predecessors of less than a score of years ago. The broken parts have united and knitted like the sections of a fractured bone.

In openings where quartz—in place—was exposed by former operations, it is not improbable that a close examination might show some slight evidence of increase of mass. As "like begets like," and like consorts and cleaves to like, the minerals with which the ascending gases and vapors are charged seek their affinities. The nobler parts, which belong to quartz and the metals, go to and unite with quartz and the ores of such metals as are forming in and about that rock, while the baser constituents go to build up porphyry, lime rock and similar formations. Quartz and the metals are necessarily of much slower growth than the commoner rocks, as the proportion of quartz and the metals to the meaner rocks in the earth's crust is as one to many millions; yet, in what may be set down as exceptionally favorable situations, both quartz and some of the metals have been known to exhibit a perceptible growth.—*Financial and Mining Record*.

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I. CERTIFICATES OF DEPOSIT.

In the September number of the Magazine (p. 215) I find a decision of the Court of Appeals of Maryland, in which it is stated that "a certificate of deposit, drawn like the one before us, did not authorize the payment of the money," &c. Also, "this is fully settled in the cases of *Murray v. Cannon*, 41 Md., and *Taylor v. Bruscup*, 48 Md." Those cases were not against the bank, but were between the parties claiming the money, and were decided upon the evidence in those cases. I do not understand the law to be so decided in this State. In other words, a deposit made in the name of John Doe or Mary Doe would, on the death of one, be properly paid to the other, in case notice to the contrary had not been given to the bank. Am I not correct?

REPLY.—In order to answer this question properly, it is necessary to understand clearly what the Maryland Court decided in the case referred to. As we read it, it appears that Samuel Stines deposited his own money in a bank, and took a certificate of deposit which declared that "Samuel Stines has deposited in this bank \$1,000, payable to the order of himself or Ellen Stines," &c., &c.; that Samuel Stines died; that the bank had notice of his death; and that after such notice the bank paid the amount of the certificate to Ellen Stines upon its presentment by her; but that, however the certificate came into her possession, neither it, nor the deposit it represented, were her property. Under these circumstances the court held that the bank was not justified in paying the money to her, merely because the certificate was made payable in the manner stated. We can see no legal objections to this decision, and if there are any contrary decisions in New York we are not aware of them. It should be remembered that a certificate of deposit may or may not be a negotiable instrument, and that its negotiability is, in general, to be determined by the same rules which govern in cases of promissory notes. According to those rules, such a certificate as that given in this case was not negotiable, because, by reason of the fact that it was made payable in the alternative to one of two different persons, it had not that certainty in respect to the payees, which the law requires, to make it negotiable. The bank, therefore, did not stand in the position of the maker of a negotiable instrument, who had paid the same on presentation to one apparently the owner of it, and without notice of any defect in the holder's title. And the certificate was no more than a memorandum of the contract made by the bank with Samuel Stines when it received his deposit. The right to enforce this contract against the bank would, at his death, ordinarily, be vested in his personal representatives, and the authority of Ellen Stines to collect the money would be at an end, unless, as between herself and the personal representatives, the money deposited was her property. The court expressly says that the bank would be protected if it had paid the money in ignorance of the death of Samuel Stines, and only holds that if the bank paid

the money to Ellen after notice of the death of Samuel, it must take the risk of showing that, as between her and the personal representatives of Samuel, she was the real owner of the money deposited.

As a general rule, it may be true, as our correspondent thinks, that a deposit made in the name of John Doe or Mary Doe would, on the death of one, be properly paid to the other; but we think that, in any particular case, the propriety of making the payment would depend upon the bank's knowledge of the relation of the parties to the deposit. And if, for example, the bank knows that the deposit is the property of John, and that Mary is a mere agent, we think the bank would be bound to treat her, upon the death of John, as it would an agent empowered to draw checks under a power of attorney, and consider her authority over the deposit at an end. We do not, however, regard the Maryland decision as in conflict with the views of our correspondent, because, in that case, the bank must be taken to have known, and to have acknowledged by the form of the certificate which it issued, that the deposit was the money of Samuel Stines, and to have contracted with him alone, so that the case can stand upon its own special circumstances. Upon the whole, we think the subject is one as to which it is difficult to lay down any general rule of universal application.

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## II. IRREGULAR INDORSEMENT OF A CHECK.

A check is drawn and indorsed as follows :

\$1,000.

NEW YORK, Sept. 10, 1885.

The Blank Bank of New York. Pay to the order of John Doe, Esq., One Thousand ——— Dollars.

JOHN SMITH.

Indorsed—Pay to the order of John Doe: Rich'd Roe, John Doe.

Should not this check be indorsed the second time by John Doe? It seems to the writer that the indorsements show a transfer of the check by John Doe to Richard Roe, and thereafter a transfer of the check by Roe to Doe, requiring Doe's indorsement the second time before payment can be demanded.

REPLY.—We think not. Without having seen the original check, we should infer from the form of the indorsements, either that Richard Roe had indorsed it as a sort of guarantor for John Smith, the drawer; or that John Doe, having originally indorsed the check to the order of Richard Roe, had changed his purpose, and, instead of erasing the indorsement to Roe, which might properly be done if there had been no delivery of it to him, had inserted his own name over that of Roe, with the view of producing the same effect. In neither case do we see how more than one indorsement by John Doe can possibly be necessary.

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SILVER COINAGE.—The London *Times*, of September 19, prints a dispatch from Paris, dated September 18, stating that it was understood that the Latin Union Treaty had been extended one year, that is to say, to the end of 1886, it being the expectation of the French Cabinet that they could, in the meantime, come to some arrangement with Belgium about the final liquidation which had been in dispute. The dispatch adds that this will do away with the adjourned October meeting of the Latin Union Conference.

## BANKING AND FINANCIAL ITEMS.

**THE UNION NATIONAL BANK LIQUIDATION.**—Simultaneously with notice of favorable progress in liquidating the affairs of the Union National Bank, and the payment on October 1 of 100 per cent. dividend on the capital stock, the shareholders have been notified that the proposition to continue the business under a new organization as a State bank has been given up. President Male announced, through circulars, that on the 21st of July, 1885, in conformity with the recommendation of the board of directors, the shareholders voted that the bank go into voluntary liquidation and be closed. On August 10, 1885, a circular regarding subscription to a proposed new bank to succeed the Union National was prepared and mailed to the shareholders. The response, although complimentary and generous, was not such as to warrant the proposed corporators in proceeding to organize the new bank. The non-resident stockholders subscribed largely to the subscriptions of the proposed new bank, while prominent shareholders engaged in down town business were doubtful of success, and believed that the low rate of interest, competition of foreign capital, and other similar causes, which led to the liquidation, were just as forcible arguments against the proposition to organize a new institution without surplus, at an unpromising stage of the banking business. The attitude of this class of the shareholders threw too much responsibility upon the projectors, and probably, if known to the subscribers, would have induced them also to hesitate in giving their adhesion to the project. Consequently, it was thought best to give up the undertaking.

**SPURIOUS MONEY PLENTIFUL.**—A detective writes as follows to the *New York Times*: "Beware of counterfeit money. The past week, while on duty through the city, looking after the interest of our business men, I was much surprised at the amount of 'queer' shown in the hands of business men, and from information gained it seems as though it is intended in a short time to flood New York City, Brooklyn, and other places, simultaneously, by a gang who are organized for that purpose. The execution of these notes are calculated to deceive all who are not experienced experts. We have had quite a large collection of these issues given us as specimens for secret reasons, and every precaution will be taken by those in authority to suppress the issue of them by arresting those who may be suspected of being engaged in that business. In the future, it will be well for all who are handling money to be very cautious."

**SILVER CERTIFICATES.**—Treasurer Jordan has ordered the Sub-Treasury to cancel \$14,600,000 of silver certificates. The question is raised whether or not Mr. Jordan has the power to order this wholesale cancellation, in view of the fact that the certificates were ordered to be issued by Act of Congress. The following table shows the output of silver from the Sub-Treasury since August 1:

	<i>Standard Dollars.</i>	<i>Subsidiary Coin.</i>
August 1 .....	\$ 1,057,100	.... \$ 518,400
September 1 .....	87,300	.... 26,900
September 2 .....	79,100	.... 22,000
September 3 .....	31,700	.... 14,100
September 4 .....	53,800	.... 12,700
September 5 .....	58,400	.... 27,000
Total .....	\$ 1,367,400	.... \$ 621,100
Grand total .....		\$ 1,987,500



WHERE THE GOLD GOES TO.—The San Francisco *Daily Evening Post* thinks "we are going back to the condition of things before the discovery of gold in California and Australia. There are no newly-discovered gold fields, and while we know that the supply of gold has fallen off, there is no means of determining in what increasing quantities that metal is entering into the arts and wasting away by loss and the attrition of coin and jewelry. In these days of poor teeth, most adults have at least a dollar's worth of gold in their mouths, and every generation will probably bury in the cemeteries of the United States alone say \$50,000,000 in gold. If a miser had placed his money in a fruit can ten years ago, and so lost the interest on it, he would have recouped it by this time in the increased purchasing power of money."

EDWARD A. ROLLINS, President of the Centennial Bank, of Philadelphia, died on the 7th of September, at Hanover, N. H., where he had been since early in July on a visit to his mother. In 1863 Mr. Rollins was appointed Cashier of Internal Revenue at Washington, being the first incumbent of that office after its creation. In 1864 he became Deputy Commissioner of Internal Revenue, and in 1865 was promoted to the position of full Commissioner, which office he filled until 1869, when he resigned. He was elected President of the Centennial National Bank of Philadelphia in 1876. In June, 1883, Mr. Rollins offered the Trustees of the Dartmouth College \$30,000 for a new chapel provided \$60,000 were raised for a new library building. Both buildings were dedicated at the last Commencement. The Hon. Daniel G. Rollins, Surrogate of this city, and the Hon. Franklin J. Rollins, of Portland, Me., are brothers; and ex-Senator E. H. Rollins is a cousin of the deceased.

A NEW KIND OF FRAUD.—A singular fraud has been perpetrated by the head of the departments of the dry goods house of Jordan, Marsh & Co., of Boston. He violated the confidence of the firm, and by collusion with sellers had his bills held back until the sum total amounted to between \$175,000 and \$200,000. These bills came in very rapidly for two or three weeks, at the end of which time the firm supposed that they had settled or accounted for nearly all claims or debts connected with the department in question. The real object of the guilty party in entering into what seemed to have been a conspiracy with the sellers is not definitely known. Mr. Eben Jordan, the senior member of the firm of Jordan, Marsh & Co., is reported as saying: "that the firm first became aware of the wrong-doing that had been going on in one of their departments a number of weeks ago. The matter had been thoroughly investigated, and the guilty parties were known. The amount of the bills which had been presented to the firm for payment was in the neighborhood of \$175,000. The firm will refuse to pay this amount, acting under the advice of their counsel, and, if necessary, will carry it into the courts." Mr. Jordan also stated that negotiations with the firm and the interested parties were being conducted, and a compromise was very probable. The affair was one that was liable to happen to any firm doing an extensive business; fortunately, it was of such a character, in this case, that the credit of the firm would not be affected in any way. Mr. Jordan declined to state the name of the department, the parties interested, and also pleasantly, but firmly, to make any statement whatever concerning the alleged conspiracy.

THE FRENCH DEBT.—From recent returns to hand the growth of the French debt is something appalling. When M. Leon Say was Finance Minister he consolidated a large floating debt, and the total of the consolidated debt then stood at \$4,400,000, an amount twenty per cent. more than Great Britain. Since then, in only three years, another floating debt has sprung up, which, by the end of the present year, is likely to reach \$400,000,000. Already one-third of the ordinary budget, which stands at the enormous figure of \$600,000,000 is required, for the service of the regular debt. It is time that the French people settled down quietly to their ordinary occupation. War is a costly and expensive luxury. A scientific frontier cost Great Britain \$50,000,000 and thousands of valuable lives. The gain was represented by a cipher. The French war with China has resulted in a similar manner, and the Minister of France is to-day the most unhappy man in France.

THE GUARANTEE COMPANY OF NORTH AMERICA.—The twenty-fifth semi-annual statement of this prosperous and highly useful institution shows that it has a capital subscribed of \$668,600, \$300,000 of which is paid up, and total assets amounting to \$462,817.87. The other items in the statement are the following :

LIABILITIES.	
Reserve for unearned premiums.....	\$92,000 00
Reserve for all other liabilities .....	12,755 61
	<u>\$ 104,755 61</u>
Surplus to policyholders.....	<u>\$ 358,062 26</u>
RESOURCES.	
Assets as above.....	\$ 462,817 87
Reserve capital subject to call.....	368,600 00
	<u>\$ 831,417 87</u>
Total resources .....	<u>\$ 831,417 87</u>
Increase in assets during six months .....	\$ 30,611 57
Increase in surplus during six months.....	16,990 34
New bonds issued from 1st January to 30th June, 1885.....	5,385
Total number of bonds issued to date.....	66,104
Total amount of claims paid to date.....	\$ 353,491 48

The business of the company is solely that of granting bonds of suretyship for the faithful discharge of the duties of employees in positions of trust, and the only company in America *strictly confining itself to this class of business.*

Its bonds are accepted and generally preferred by the leading banks, railways, and commercial institutions in the United States and Canada, in place of private bonds. The Government of Canada have especially authorized its bonds to be taken for officers of the Crown. The extensive ramifications and channels of correspondence possessed by the company in all parts of the world, afford avenues of information which are of important value in the protection of employers against the admission or retention in their service of persons of doubtful integrity.

The company has, moreover, the record and antecedents of nearly 60,000 employees on its books, and a register of nearly 7,000 "unreliables," thus affording a reference of great value in the safe conduct of its business and the prompt information of employers; and, being a Canadian institution, it has given a particular and special value to American corporations, because defaulters bonded in that company who may take refuge by crossing the line, place themselves within the jurisdiction of the Canadian laws, and are amenable to legal arrest at the instance of the Company.

The company has paid over \$350,000 to employers for losses sustained at the hands of their employees.

HILLSDALE, MICHIGAN.—The Second National Bank of Hillsdale, Mich., has just purchased the city water bonds, issued by the City of Hillsdale, the amount being \$45,000. The bonds have twenty years to run, and bear four and a-half per cent. interest.

A MARRIAGE TAX CASE.—A singular lawsuit has just been brought to a conclusion in Lippe-Detmold after nearly thirty years of litigation. It was an old custom of the Principality that whenever a princess of the reigning house or of the collateral branches was about to marry, a sum of about the value of £15,000 was raised as a marriage gift for the princess by a tax on all persons liable to direct taxation. Hence, this marriage gift received the name of the "Princess tax." In 1857 the Countess von Hasslingen, born Countess of Lippe-Weissenfels, commenced a suit against the Government and Chambers of the principality for the marriage gift to which she contended she was entitled, according to immemorial usage. The Supreme Court of the principality has recently decided against the countess, who, however, may yet take her case before the Supreme Appeal Court of the Empire. For the little principality of Lippe-Detmold being discharged of a payment of £15,000 is no small gain.

VICKSBURG, MISSISSIPPI.—Among the young bankers of the South at the recent Convention of the American Bankers' Association, in Chicago, was Mr. James P. Roach, Cashier of the Vicksburg Bank. He represented a thriving institution which makes a specialty of Mississippi collections.

PHOTOGRAPHY IN FRENCH BANKS.—No one will have the hardihood to deny that the French are not a versatile people, even if they are remarkable for a decided fickleness of character. M. Lesseps was strikingly original in his conception of cutting the Suez Canal. The officials of the French banks have followed mildly in his footsteps as far as being responsible for a novel innovation much more limited in extent than the one conceived by the brilliant engineer. If the teller of a French bank has doubts as to the honesty of an unknown customer, he does not trust to his memory to recall the features of the person he suspects but calls on science to protect the bank. He gives a private signal to the cashier, and that responsible officer, while the teller is in the act of making the payment, brings the photographic camera (conveniently placed beside him, but invisible to the customers) to bear upon the unsuspecting party, and on leaving the bank he leaves a means of his identity after him, without in any degree being conscious of the fact. As this experiment has only been at work for a short time, it would be premature to pass a hasty judgment upon its merits, but it strikes us that if a swindler succeeds in getting money from a French bank, by a raised check or some other means, and gets away from the clutches of the law, that a more searching inquiry into his antecedents would have been more practical than leaving nothing but his negative behind him, which, when looked upon by the confiding teller, would be to him "though lost to sight to memory dear." If photography in French banks does not realize expectations as a means of capturing those who prey upon these institutions, the cashier can at least fill an album with much more interesting subjects. He can photograph all the fascinating Parisian ladies who enter his bank on business, and who think that France has but one son of genius—the costumer Worth.

BRITISH FARM PRODUCTIONS AND TAXATION.—The London *Economist* recently published a letter from W. J. Harris, M. P., in regard to British farms and the taxation imposed upon them. Mr. Harris is reputed to be a man who is well versed in the statistics of British agriculture, and his statements may be relied upon with much confidence. He states that the salable products of the soil of England and Wales amount in the aggregate to about £562,500,000 per annum. This includes what the farmers themselves consume. The principal items are as follows: Wheat, \$74,000,000; barley, \$61,000,000; oats, \$48,000,000; beans, peas and rye, \$24,000,000; straw, \$32,000,000; turnips, \$46,000,000; potatoes, \$24,000,000; mangolds, \$14,500,000; hay, \$134,000,000; pasture, \$136,000,000; hops, flax, etc., \$10,000,000; orchard and garden products, \$24,500,000; feed on waste land, \$6,000,000. The number of horses used solely in agriculture is 847,592, and the value of the food they consume is estimated at \$84,750,000. The value of the animal food produced from the purchase of various kinds of foreign food is estimated at \$32,500,000. No other statement of the value of animal food is made, and how any such estimate as that just given can be made, is something of a mystery. The taxation borne by farms is said to be \$80,075,000 yearly. The principal items are \$35,000,000 local rates, applying exclusively to agricultural lands; \$20,000,000 tithes, and \$8,500,000 "land tax redeemed and unredeemed," whatever that may mean. Mr. Harris evidently does not think it fair that the taxes on land should be equal to about fifteen per cent. of the value of agricultural produce, and probably no one will be disposed to dissent from the view. The *Economist*, however, seems inclined to think that he exaggerates the burdens laid on land by underestimating the value of the products of the soil. Still the case seems to be one demanding the attention of English statesmen.—*Chicago Times*.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from September No., page 231.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ALA....	Birmingham....	Jefferson Co. Savings B'k.	.....
DAK....	Clear Lake....	B'k of Clear Lake..(T. F. Hanly & Co.)	.....
"	" .. Doland.....	Citizens' Bank ... (O. W. Barlow).	.....
"	" .. White Lake....	White Lake Bank.....	.....
DEL....	Wilmington....	Central National Bank... \$ 210,000 John H. Adams, <i>Pr.</i> John Peoples, <i>Cas.</i>	.....
ILL....	Bushnell.....	First National Bank.....	National Bank of the Republic.
"	Chicago.....	Johnston, McKeand & Co.	Henry Clews & Co.
"	Troy.....	Troy Exch. B'k..(Jarvis & Padon).	.....
"	Saunemin.....	Bank of Saunemin. .... \$ 20,000 B. B. Dow, <i>Pr.</i> B. F. Sprague, <i>Cas.</i>	.....
IND....	Corydon.....	Applegate & Slemmons ....	United States National Bank.
IOWA....	Lake City. ....	Citizens' Bank..... Wm. A. Townsend, <i>Pr.</i> E. W. Townsend, <i>Cas.</i>	.....
"	" .. Stratford.....	Bank of Stratford..... Cyrus Maholm, <i>Pr.</i> E. H. Bickford, <i>Cas.</i>	.....
"	" .. Grundy Centre.	Grundy Co. National B'k. .... \$ 50,000 S. R. Raymond, <i>Pr.</i> Roger Leavitt, <i>Cas.</i>	.....
KANSAS.	Chase.....	Bank of Chase.....(H. L. Marshall).	.....
"	" .. Cuba.....	B'k of Cuba.(J. B. Edson).	.....
"	" .. Ellsworth.....	State Savings Association.	Union Trust Co.
"	" .. Little River....	\$ 50,000 A. N. McLennan, <i>Pr.</i> A. C. Dolde, <i>Sec.</i>	.....
"	" .. Madison.....	Bank of Little River..... \$ 20,000 (J. W. Pulliam).	Chemical National Bank.
"	" .. Madison.....	Madison Bank..... \$ 14,500 (A. F. Crowe).	First National Bank.
"	" .. Neodesha.....	Condon & Carpenter.....	Chemical National Bank.
"	" .. Ottawa.....	Bank of Ottawa.....	National Park Bank.
"	" .. Abilene.....	\$ 50,000 A. Dobson, <i>Pr.</i> E. A. Hanes, <i>Cas.</i>	.....
"	" .. Coldwater.....	Citizens' Bank.....	.....
"	" .. Comanche Co. Bank.....	.....	.....
MICH....	Pontiac.....	Pontiac National Bank... \$ 100,000 A. A. Lull, <i>Pr.</i> Henry J. Gerls, <i>Cas.</i>	Merchants' National Bank.
"	" .. Alma.....	Gratiot Co. Savings Bank	.....
MINN....	Beaver Creek ..	Beaver Creek Bank...(Elj Terry).	.....
MISS....	Winona.....	Bank of Winona..... \$ 25,000 Walter Trotter, <i>Pr.</i> Chas. H. Campbell, <i>Cas.</i>	Richard H. Allen & Co.
MO....	Sedalia.....	Bank of Sedalia..... \$ 100,000 S. H. Beiler, <i>Pr.</i> R. W. Gentry, <i>Cas.</i>	National Park Bank.
NEB....	Benkleman ....	Dundy Co. Bk.(McCarty & Beltzer).	.....
"	" .. Dorchester....	First National Bank..... \$ 50,000 J. H. Clark, <i>Pr.</i> J. C. Thurston, <i>Cas.</i>	Chemical National Bank.
"	" .. Dorchester....	Citizens' Bank..... \$ 25,000 Geo. D. Stevens, <i>Pr.</i> H. J. Ferguson, <i>Cas.</i>	.....
"	" .. Sidney.....	State B'k.(S. C. Morgan).	Kountze Bros.
"	" .. Trenton.....	Trenton Bank.....	.....
"	" .. Wayne.....	First National Bank..... \$ 50,000 John T. Bressler, <i>Pr.</i> D. C. Patterson, <i>Cas.</i>	Chemical National Bank.
N. C....	Raleigh.....	National Bank of Raleigh.	National Bank of the Republic.
"	" .. Raleigh.....	\$ 125,000 Edwin G. Reade, <i>Pr.</i> Chas. H. Belvin, <i>Cas.</i>	.....
OHIO....	De Graff.....	Citizens' Bank..... (Loofbourrow, Williams & Co).	.....
PENN....	Hawley.....	J. S. Ames & Co.....	.....
TEXAS....	San Antonio...	Workmen's Bank..... Samuel Maverick, <i>Pr.</i> J. H. Martin, <i>Cas.</i>	.....
WIS....	Waupun.....	First National Bank ..... \$ 50,000 Geo. W. Mitchell, <i>Pr.</i> John C. Perry, <i>Cas.</i>	.....
CANADA	Alexandria.....	Banque D'Hochelaga.....	.....
"	" ..	McLennan & Brown.....	Merchants' Bank of Canada.
"	" .. Wallaceburg...	Traders' Bank.....	American Exch. National Bank.
"	" ..	Alex. Manning, <i>Pr.</i> H. S. Strathy, <i>Mgr.</i>	.....

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from September No. page 232.)

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY.	—People's Bank .....	Geo. A. Zabriskie, <i>Ass't Cas.</i>	.....
CONN...	Union Bank, New London ....	J. L. Chew, <i>Cas.</i> .....	L. C. Learned.*
DAK...	James River N. B., Jamestown. E. P. Wells, <i>Pr.</i> .....		G. R. Topliff.
DEL....	Nat. B. of Delaware, Wilm'gton Henry Baird, <i>Cas.</i> .....		R. H. Ewbanks.
GA. ....	Newnan Nat'l Bank, Newnan.. John S. Bigby, <i>V. Pr.</i> .....		.....
ILL....	First National Bank, Abington. M. C. Kimball, <i>V. Pr.</i> .....		.....
" ..	Nokomis Nat'l Bank, Nokomis. A. J. Williford, <i>Cas.</i> .....		Alfred Griffin.
" ..	First National Bank, Paris..... Jas. A. Eads, <i>V. Pr.</i> .....		.....
KAN....	First National Bank, Abilene.. G. W. Hurd, <i>V. Pr.</i> .....		W. R. Dryer.
" ..	First Nat'l B'k, Great Bend..... E. McBride, <i>V. Pr.</i> .....		.....
" ..	Woodson Nat'l Bank, Yates Center. { N. F. Follett, <i>Pr.</i> .....		G. D. Carpenter.
" ..	Harper Co. Nat'l Bank, { Chas. S. Jones, <i>Cas.</i> .....		N. F. Follett.
" ..	Anthony. { E. A. Gardner, <i>Ass't Cas.</i> .....		Chas. Jones.
" ..	Anthony. { J. W. Clendenin, <i>V. Pr.</i> .....		.....
" ..	Anthony. { F. M. Anderson, <i>Ass't C.</i> .....		.....
KY....	Citizens' National B'k, Danville J. A. Cheek, <i>Ass't Cas.</i> .....		.....
" ..	Bank of Hopkinsville..... E. P. Campbell, <i>Pr.</i> .....		John C. Latham.*
MAINE..	Frontier Nat'l Bank, Eastport. Edward E. Shead, <i>Pr.</i> .....		S. B. Hume.*
MASS...	Beverly Nat'l Bank, Beverly... Augustus Stevens, <i>Cas.</i> .....		R. G. Bennett.
" ..	Adams Nat. B'k, North Adams S. W. Brayton, <i>Pr.</i> .....		S. Blackinton.*
" ..	Citizens' Nat'l Bank, Worcester. B. W. Childs, <i>Pr.</i> .....		F. H. Kinnicutt.*
MICH. .	Pontiac Nat'l Bank, Pontiac... B. F. Elwood, <i>V. Pr.</i> .....		.....
MINN...	Citizens' Nat'l Bank, Faribault. W. S. Morse, <i>Cas.</i> .....		E. S. Pratt.
MO....	Laclede Bank, St. Louis..... D. A. Phillips, <i>Ass't Cas.</i> .....		.....
MONT...	First Nat. B'k, White Sul. Spgs. Aaron Hershfield, <i>V. Pr.</i> .....		.....
NEB....	State Bank, Franklin..... { C. G. Grove, <i>Cas.</i> .....		Geo. A. Way.
" ..	City National Bank, Hastings.. H. Bostwick, <i>Pr.</i> .....		C. G. Grove.
" ..	First National Bank, Wayne... E. L. Jones, <i>Ass't Cas.</i> .....		L. H. Tower.
N. J....	Camden Nat'l Bank, Camden.. John Cooper, <i>V. Pr.</i> .....		.....
N. Y....	Quassaick Nat'l B'k, Newburgh Chas. H. Hasbrouck, <i>Pr.</i> .....		I. K. Oakley.*
N. C....	National Bank of Raleigh..... W. G. Upchurch, <i>V. Pr.</i> .....		.....
OHIO...	N. B. of Commerce, Cleveland. J. H. Wade, <i>Pr.</i> .....		J. Perkins.*
" ..	Second National Bank, Ironton. { C. C. Clarke, <i>Pr.</i> .....		John Means.
" ..	Wyandot Co. B'k, Up.Sandusky Lovell B. Harris, <i>Pr.</i> .....		W. M. Kerr.
" ..	Wyandot Co. B'k, Up.Sandusky W. A. Murdock, <i>V. Pr.</i> .....		G. W. Beery.*
PA.....	Northampton Co. N. B., Easton E. J. Richards, <i>Cas.</i> .....		W. H. Hutter.
" ..	Corn Exch. Nat'l Bank, Phila. J. B. Stewart, <i>Cas.</i> .....		H. P. Schetky.*
" ..	Merchants' Exch. Bank, Phila. Frederick Phillips, <i>Pr.</i> .....		Moro Phillips.*
" ..	First National Bank, Wilkesbarre. { E. C. Wadhams, <i>Pr.</i> .....		C. Parrish.
" ..	First National Bank, Harrisburg. { Reuben Downing, <i>V. Pr.</i> .....		E. C. Wadhams.
" ..	First National B'k, Harrisburg. { B. W. Marcy, <i>Cas.</i> .....		J. L. McLean.*
" ..	Centennial Nat'l Bank, Philadelphia. { Clarence H. Clark, <i>Pr.</i> .....		E. A. Rollins.*
" ..	Centennial Nat'l Bank, Philadelphia. { H. M. Lutz, <i>V. Pr.</i> .....		.....
" ..	Centennial Nat'l Bank, Philadelphia. { J. M. Collingwood, <i>Cas.</i> .....		H. M. Lutz.
R. I....	First National Bank, Providence. { H. H. Thomas, <i>Pr.</i> .....		Wm. J. King.*
" ..	Nat'l Union B'k, Woonsocket. Geo. L. Littlefield, <i>V. Pr.</i> .....		H. H. Thomas.
" ..	Nat'l Union B'k, Woonsocket. Geo. S. Read, <i>Pr.</i> .....		B. C. Hill.*
UTAH..	Commercial Nat'l B'k, Ogden.. J. C. Armstrong, <i>V. Pr.</i> .....		J. M. Langsdorf.
VA. ....	Norfolk Nat'l Bank, Norfolk... Caldwell Hardy, <i>Cas.</i> .....		C. Hardy, <i>Act'g.</i>
WIS....	Union National Bank, Racine. O. R. Johnson, <i>Pr.</i> .....		Jas. R. Slauson.
" ..	First National Bank, Waupun. G. S. Mitchell, <i>V. Pr.</i> .....		.....

\* Deceased

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

*(Continued from September No., page 230.)*

No.	Name and Place.	President.	Cashier.	Capital.
3388	Pontiac National Bank.....	A. A. Lull,		
	Pontiac, MICH.		Henry J. Gerls,	\$ 100,000
3389	National Bank of Raleigh .....	Edwin G. Reade.		
	Raleigh, N. C.		Chas. H. Belvin,	125,000
3390	First National Bank.....	J. H. Clark,		
	Dorchester, NEB.		J. C. Thurston,	50,000
3391	First National Bank.....	Geo. W. Mitchell,		
	Waupun, WIS.		John C. Perry,	50,000
3392	First National Bank.....	John T. Bressler,		
	Wayne, NEB.		D. C. Patterson,	50,000
3393	Minnehaha National Bank.....	Edwin A. Sherman,		
	Sioux Falls, DAK.		G. E. Lathrop,	50,000
3394	Anthony National Bank.....	Chas. R. Miller,		
	Anthony, KAN.		Henry M. Denlinger,	50,000
3395	Central National Bank.....	John H. Adams,		
	Wilmington, DEL.		John Peoples,	210,000
3396	Grundy Co. National Bank.....	S. R. Raymond,		
	Grundy Centre, IOWA.		Roger Leavitt,	50,000

## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from September No., page 233.)*

New York City .....		Soutter & Co.; assigned.
ILL.....	Bushnell.....	Bank of Bushnell (W. W. Bell); now First National Bank.
"	Foreston.....	Bank of Foreston (R. Wagner); closed.
"	Forest Carmel .....	E. F. Beall; closed.
"	Troy .....	Kirkpatrick, Dilliard & Co.; succeeded by Exchange Bank (Jarvis & Padon).
"	Belleville .....	Russell Hinckley; assigned.
IND.....	Corydon.....	Geo. W. Applegate; now Applegate & Slemons.
"	Greenfield.....	John A. Hughes; deceased.
"	North Vernon.....	Jennings County Bank; failed.
IOWA....	Cresco.....	Kimball & Farnsworth; now John Farnsworth.
KAN.....	Anthony.....	Harper County Bank; now Harper County National Bank.
"	Belleville.....	First State Bank; now First National Bank.
"	Cherokee.....	Citizens' Bank (G. W. Pye & Co.); out of business.
"	Edgerton.....	Bank of Edgerton; out of business.
"	Stockton.....	T. E. Baldwin & Co.; dissolved.
MICH....	Pontiac.....	Second National B'k; succeeded by Pontiac National Bank.
"	St. Johns.....	A. Shaver; closed.
MO. ....	Emporia.....	B'k of Emporia moved to Winston; now Bank of Winston.
"	Sedalia.....	Sedalia Savings Bank; now Bank of Sedalia.
NEB ....	Dorchester.....	Bank of Dorchester; now First National Bank.
"	Hastings.....	Farmers & Merchants' Bank; discontinued.
"	Sidney.....	Exchange Bank; now State Bank.
"	Wayne.....	Logan Valley Bank (Bressler & Patterson); now First Nat'l.
N. C. ....	Raleigh.....	Raleigh Nat'l B'k; succeeded by National Bank of Raleigh.
OHIO....	Harrison.....	Bank of Harrison (Cook & Scoville); assigned.
OREGON	Baker City.....	Heilner, Ottenheimer & Co.; now S. Ottenheimer.
S. C. ....	Rock Hill.....	J. M. Ivy & Co.; failed.
TENN....	Shelbyville.....	Shelbyville Savings Bank; suspended.
TEX. ...	Whitney.....	S. R. Carruth & Co.; now J. N. Porter.
VT.....	Jamaica.....	West River National Bank; closing up business.
WIS....	Menominee.....	S. P. French; assigned.
"	Watertown.....	Assistants' Bank; closed.
"	Waupun.....	Geo. Jess & Co.; succeeded by First National Bank.
CANADA	Bothwell.....	Squire & Boughner; in difficulties.
"	Kincardine.....	J. W. Rapley; now J. W. Rapley & Co.

# FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, SEPTEMBER, 1885.

Opening, Highest, Lowest and Closing Prices  
of Stocks and Bonds in September.

GOVERNMENTS.				RAILROAD STOCKS.				MISCELLANEOUS.			
	Interest	Open-	High-		Open-	High-	Low-		Open-	High-	Low-
	Periods.	ing.	est.		ing.	est.	est.		ing.	est.	ing.
4½s, 1891.....	Mar.	111½	112½	Denver and Rio Grande.....	11½	13½	10½	Oregon Navigation.....	78	81½	76½
4½s, 1891.....	comp.	111½	112½	East Tenn., Va. & Ga.....	5½	6½	5½	Oregon & Trans-Continental.....	20½	21½	18½
4s, 1891.....	comp.	121½	122½	Do. pref.....	16½	17½	14½	Pacific Mail.....	1½	1½	1
4s, 1897.....	comp.	121½	122½	Eric.....	36	38½	34	Philadelphia & Reading.....	49½	51½	46½
3s, option U. S. reg.	Feb.	103	104	Home State Mining.....	32	34	30	Pullman Palace Car Co.....	127	129½	126½
6s, cur'cy, 1895 reg.	Jan.	127½	128	Houston & Texas.....	131½	132	129	Peoria, Decatur & Evansville.....	127	129½	126½
6s, cur'cy, 1897 reg.	Jan.	134	134	Illinois Central.....	131½	132	129	Richmond & Danville.....	71	76½	70
6s, cur'cy, 1898 reg.	Jan.	134	134	Indiana, Bloom'g & Western.....	131½	132	129	Richmond & Allegheny.....	2½	4	1½
6s, cur'cy, 1899 reg.	July.	135½	136	Louisville & Nashville.....	45½	46½	43½	Richmond & West Point.....	31	32½	28½
				Louisville, N. Alb. & Chic.....	32½	34	30	Rochester & Pittsburgh.....	4½	4½	2½
				Lake Erie & Western.....	71½	74	67½	St. Louis, Alton and T. H.....	—	35	28
				Long Island.....	—	75	73	Do. pref.....	—	82	82
				Michigan Central.....	62½	67	61½	St. Louis & San Fran.....	19	19	17½
				Mil. L. Sh. & West.....	—	39	37	Do. 1st pref.....	—	34½	31
				Morris & Essex.....	—	127½	126	St. Paul, Minneap. & Mah.....	104	104	97
				Missouri Pacific.....	92½	95	91	Texas & Pacific.....	17½	19½	16½
				Missouri, Kansas & Texas.....	23½	26	23½	Union P. Cific.....	51½	51½	47½
				Manhattan Beach Co.....	—	100½	99½	Western Union Telegraph.....	70½	71½	67½
				Manhattan Consol.....	100	100½	99½	Wabash Pacific.....	7½	8½	6½
				Metropolitan Elevated.....	—	—	—	MISCELLANEOUS.....	—	15½	12½
				Mobile & Ohio.....	—	—	—	Express-Adams.....	—	145	145
				Minneapolis & St. L.....	—	—	—	American.....	—	99	98½
				N. Y. Chic. & St. Louis.....	18½	19½	16½	United States.....	—	53½	53½
				N. Y. Central & Hudson.....	100	100½	99½	Wells-Fargo.....	—	15½	15½
				N. Y. Jersey Central.....	100	100½	99½	Ches. & Ohio Series B.....	—	176	172½
				N. Y. Norfolk & Western.....	30	31½	29½	Denver & Rio Grande 1st.....	—	121½	121½
				Norfolk & Western.....	31½	32½	29½	Lehigh & W. B. con. ass.....	—	97½	95
				Northern Pacific.....	44½	45½	43½	Metropolitan Elevated 1st.....	—	114½	113
				Nashville, Chat. & St. L.....	37½	38½	36½	Mo., K. & T. con. ass.....	110½	111½	110½
				N. Y. Ontario & Western.....	104½	105½	103½	N. V. Chi. & St. L. 1st.....	78	81	76½
				Ohio & Mississippi.....	84½	86½	82½	N. Y. Elevated 1st.....	—	123	121½
				Ohio Southern.....	84½	86½	82½	N. Y., L. E. & W. ad con.....	66½	71½	69½
								N. Y., W. Shore & B. 1st.....	49½	44½	41½
								Union Pacific 1st.....	115½	115½	115
								Union Pacific S. F'd.....	—	120	119½

## NOTES ON THE MONEY MARKET.

## A FINANCIAL AND COMMERCIAL REVIEW.

The month of September, compared with the previous month, has not shown as much improvement as had been anticipated from the unexpectedly active and unusually early opening of Fall trade in August. But, when compared with a year ago, the improvement in September has been as great, if not greater, than that of August this year, over the same time last. This latter comparison is, therefore, the one to be taken as the gauge of the condition of business at the beginning of October, rather than the former, which has proven to have been, in part, fallacious, as a measure of those conditions on the first of September. The activity of August was largely in anticipation of a larger and earlier Fall trade than usual, coupled with the fear or belief of merchants in the South and West that such increased demand would result in depleting stocks in first, as well as second hands, sufficiently before the autumn trade was over, either to enhance values, or delay renewals of stocks by hand-to-mouth orders, such as they have relied upon for three years past, and find them unprepared to meet that demand. Hence, they bought larger stocks, and supplied their prospective as well as present wants in August, and such buyers have not been back in market during September. This has caused the apparent reaction from the "August boom," which is perfectly natural and more healthy than continued activity during the past month could have been, developing, as it would have done, speculation and advances, which would have unsettled markets and started the country upon the dangerous road to another speculative craze, such as followed the previous depression and brought on the last.

That this is the correct diagnosis of the business situation, is shown by the fact that the close of September saw a gradual return of activity, upon a renewal of the same demand that began in August, attended by the same confidence in future values and wants, and the same firmness and slight improvement in prices, which always attend a legitimate improvement in general business. It is, therefore, safe to count upon holding the gains of August and increasing them during the month of October, both in the direction of demand and prices, with a shorter interval than usual, in November, between Fall and winter trade, as there was between spring and Fall trade in August, and for the same reasons, namely, depleted stocks in second hands, and a growing demand, based upon good crops generally, and the necessity of consumers of all kinds of goods to renew and replace the wear and economies of the hard times. These conditions are the same as in 1877-78, when the tide turned before, and prosperity succeeded depression, except that our wheat crop is not so large and that of Europe not so small as then, when the consequent abnormal export demand set this country wild with the belief that it was a permanent revolution in the grain trade of the world, by which America had become the master of the situation, and could compel starving Europe henceforth to take our breadstuffs, provisions, and indeed all



our food and feed supplies, at our own prices, and keep our farmers, transportation companies, and middlemen in clover for all time to come. It was this fallacy upon which the speculative mania in railroad building, stocks, and every export staple of commerce from 1878 to 1881, was based. This craze was continued into another year in all but railroad stocks, upon the basis of the short crops of 1881, which sent almost every product of our soil still higher, under the attempts of gamblers to "corner" those markets at the end of that crop year, resulting disastrously to them and to values, which, with those of stocks, that started on the down grade at the beginning of that crop year, had been steadily declining till last August, when everything had gotten back again to the conditions of 1878, excepting as above explained. It was that unprecedented boom which has since revolutionized our export trade, lost to the United States the grain markets of the world, our transportation companies the carrying of the European deficit, and our farmers the profits of raising a corresponding surplus; while American speculators have been lowered instead of "hoisted by their own petard," by developing the unlimited and hitherto unrecognized wheat-producing capacity of India, and stimulating that of every wheat-growing country of the world, until Europe is now practically independent of, instead of dependent upon, this country, as she was from 1878 to 1880. This is the only difference between existing conditions and those in 1877-8, but it is a radical and permanent one, with temporary exceptions, on short European or Indian crops; and it is this difference that will prevent any such boom again in railroad stocks, or wild speculation in staples of commerce, as it is still the cause of the trouble with the railroads and middlemen, a large part of whose occupation is permanently gone. Before times can be universally good the railroads must foster and develop other traffic from legitimate sources, along their lines, to take the place of their partially lost export grain-carrying trade, while the vast army of middlemen, who lived off produce speculation, must disband, or be slowly decimated by the disease of poverty, which has already thinned their ranks by driving the weaker into useful employments again. When these changes are accomplished, the weak spots in our financial and commercial conditions will have been removed, and our railroads and legitimate produce merchants will recover the business of which they have been deprived by the speculators, after which they will no longer be at their mercy, nor dependent upon their manipulations of the staples of commerce for their legitimate traffic and exchange of products. When this happens, the old-fashioned commission house will receive consignments from the country shipper or farmer direct, and sell it to genuine exporters at the market price, made by the world's supply and demand, and not by "cornerers." The railroads will then recover the export grain-carrying trade, as fast as we meet the competition of other grain-exporting countries. To do this, however, the "carrying charges," or premiums on future deliveries, which have been established arbitrarily and, for the most part, fictitiously by our speculators, to induce capitalists and banks to furnish the money to accumulate large stocks in speculative centers, must be abolished, as they do not exist in those exporting countries with which we come into competition. The result of this is that English and Continental importers of grain, contract for their supplies to be shipped from other countries, one to four months ahead, as they may want them for actual consumption, at the

same prices as cash, or spot deliveries, and sell "short" in our markets, as a "hedge" against these purchases in other countries, running over the same periods as their contracts. By so doing they secure as a bonus, paid by our speculators, for buying their wheat elsewhere, the premium of 2 cents per bushel per month, and at the same time are insured against loss on their Indian or Australian or Russian purchases, while in transit. The operation is thus illustrated: An English importer buys four cargoes of wheat, of 50,000 bushels each, in India, to be shipped in one, two, three, and four months, at an equivalent of 80 cents free on board vessels, which he charters at same time on the basis of 10 cents per bushel, costing him 90 cents net delivered in English markets, where the millers take it off his hands, as it arrives. As soon as he has closed these purchases, he cables New York or Chicago to sell 200,000 bushels of wheat, 50,000 for each month corresponding with his purchases. The average premium per month, or "carrying charge," of 2 cents per bushel, for four months, would be an average of 5 cents premium, over the price of cash wheat, or \$10,000 on 200,000 bushels.

At an equivalent of 80 cents per bushel here for cash wheat, a similar purchase would have averaged him 85 cents., free on board vessels, which, with an average of 7 cents per bushel freight and charges delivered in English markets, would cost 92 cents, or 2 cents against American wheat and in favor of Indian, on account of this fictitious charge imposed upon the former by our speculators, which did not exist until option dealing was introduced in our markets. As these cargoes arrive from India, the English importer cables here and "covers" his "short" sales, and pockets this premium of 2 cents per month, or \$10,000, which is paid by this country to Europe to leave our wheat here for a speculative foot-ball until the surplus of the rest of the world and its own supplies are exhausted. This is what ails our grain export trade and the transportation and other interests dependent upon it. Here, also, is the reason why so few exporters of wheat have failed on the declining markets since 1881, while the wheat trade of this country, and the speculators who have not been on the short side of the market, have nearly all been ruined.

As to the future course of the wheat market, it may be said that over-production seems to have ceased with last year, and the statistical position now points to higher prices before another crop. But the large amount still in sight has prevented any large advance from being maintained, although lighter receipts here and the steady decrease of the amount on passage will soon reduce the visible supply to a point that will bull instead of bear prices, unless the receipts increase. This can scarcely be on this side, as the winter wheat is well sold now, judging from the fact that the St. Louis millers are compelled to pay New York prices to get supplies. Spring wheat receipts have not been large, and may increase, though the situation favors farmers holding back for higher prices.

As this condition of things affects the earnings of the wheat roads seriously, it has been explained in full, as a key to the position of the money and stock market, so far as they are affected by the wheat crop and traffic. On the other hand, the oat crop, secured and moving freely, is as large, if not larger, than ever before, and the present rate of exports promises an

important new outlet for this crop, which is now followed by the maturing of the largest crop, by some 200,000,000 bushels, ever raised.

As the receipts of corn now are large, it shows a good surplus of last crop left over, as well as of wheat; and with any export demand of magnitude, the railroads running through the corn belt will be likely to make good much of their loss on wheat shipments, by increased ones on corn, which is much less dependent on export trade than wheat, and must move freely to supply the large home consumption for the feeding of the largest stock of cattle, if not of hogs and sheep, the country has seen. How much this increase will be offset by the hog and cattle diseases which appear to be more than usually fatal, cannot be estimated until their extent is limited. So far it has been only sectional, although quite widely scattered.

The other produce markets have ruled about as dull and without positive permanent tendency, either up or down, as have those for breadstuffs, provisions, and stocks, for the past month, with a continued unsettled feeling for the coming month until prices shall be adjusted to the new crop supplies and demand, except wheat, which is already adjusted.

Cotton has been helped by the injury done in some sections, notably in Texas. But that a very large crop is assured there is little doubt. The demand from spinners promises to be increased as the season advances, for cotton goods—though not yet improved by the Fall trade, as woolens have been—are destined to follow the course of the woollen-goods' market, which is indicated not only by the improvement in the clothing trade, but in the continued demand for wool, of which the Boston sales alone this year are nearly forty million pounds ahead of same time last year.

The iron trade is improving again since the middle of the month, until which time was duller than in August. But orders are again increasing; work is being resumed where it has been suspended, and increased where operations were continued. The coal trade, even with this beautiful September weather, is improving, due in part to manufacturing as well as to increased domestic demand.

The petroleum market has moved sluggishly at about \$1.00 all the month, as the developments in the field, stimulated by Dollar oil, are a bearish feature, offset by a reduction in stock, in face of increased production, which gives still an excess in the daily shipments over the daily runs of crude. The export trade has slackened since last month, but stocks on the other side are not so large as to discourage renewed shipments soon, which are anticipated.

The foreign exchange and money markets have alike been featureless, despite the agitation over the accumulation of silver, whose forced circulation by the Treasury has been stopped, while it has been increased by the withdrawal and scarcity of small bills. Gold imports continue in small amounts, though they are somewhat on the increase, to pay for railroad stocks, and more particularly bonds, which have been bought here quite freely for European account, both English and Continental. The movement of the crops has had no effect on the money market of note, although the refusal of the Government longer to ship silver South, for the accommodation of those who

wanted silver certificates to move cotton, has caused some inconvenience in that direction.

The course of the stock market has been unsettled and irregular, different shares moving up or down more independently of the general market than last month, each upon some special cause. The hitch in the Trunk Line settlement, by which the transfer of the Pennsylvania Southern to the Pennsylvania has been delayed, both by the State and stockholders, and the inability to maintain "restored rates" in the absence of increased traffic, even at cut rates, together with the reduction of dividends by the largest dividend payers, and the bad showing of earnings by the Pennsylvania for last month, have been the bear influences that have checked the bull movement of August. At the same time, Gould has been classed a big bear, still supposed to be short of the stocks on which he was caught by Vanderbilt's Trunk Line settlement boom. On the other hand, the Erie, West Shore, and Central have restored rates on local business; the feud between the Baltimore and Ohio road and the Pennsylvania, over the entrance to Philadelphia and New York, seems in way of settlement without another line, while that between the Baltimore and Ohio Telegraph Company and the Western Union, and that between the latter and the bankrupt lines seem to have either been dropped, settled, or compromised since President Garrett's return from Europe. At least, the Field controversy regarding it has ceased. The quarrels of the Chicago system, however, are not settled, and the fierce rivalry between the great roads running west from that city, and the Government interference with the Trans-continental Pacific Mail pool, threatens to keep things west of the Mississippi in a ferment still, even if the Trunk Line settlement goes through, as it looks probable. The situation in Wall Street is therefore mixed, with the coal roads under suspicion, after a most unprofitable summer in which it is difficult to believe even the reduced dividends have been earned.

The prospects for speculation and speculators are, therefore, not flattering, while all legitimate business has valid ground for increased confidence in further steady and gradual improvement.

The reports of the New York Clearing-house returns compare as follows:

1885	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Sept. 5...	\$ 324,855,800	\$ 114,303,400	\$ 35,297,300	\$ 390,803,800	\$ 9,707,300	\$ 51,899,750
" 12...	326,706,500	111,984,500	35,172,400	389,424,000	9,735,900	49,800,900
" 19...	328,267,500	110,253,900	33,956,900	388,131,500	9,738,400	47,177,925
" 26...	329,089,100	109,254,400	32,171,800	385,977,200	9,810,600	44,931,900

The Boston bank statement is as follows:

1885.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Aug. 29.....	\$ 152,931,200	\$ 8,785,500	\$ 4,816,300	\$ 110,051,700	\$ 21,521,000
Sept. 5.....	152,999,300	8,681,700	4,629,200	109,056,400	21,594,500
" 12.....	153,167,600	8,614,300	4,198,500	109,816,300	21,617,700
" 19.....	151,811,300	8,642,700	4,163,600	110,411,500	21,436,200

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1885.	Loans.	Reserves.	Deposits.	Circulation.
Sept. 5.....	\$ 78,642,655	\$ 27,738,670	\$ 80,904,506	\$ 7,312,500
" 12.....	79,083,200	28,127,600	81,855,500	7,325,750
" 19.....	79,137,800	28,281,300	82,785,600	7,360,950
" 26.....	79,253,500	27,355,600	82,402,000	7,406,050

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows :

QUOTATIONS :	Sept. 7.	Sept. 14.	Sept. 21.	Sept. 28.
Discounts.....	4@4½	4@4½	4@4½	4@4½
Call Loans.....	1½	1½	1½	2@1½
Treasury balances, coin.	\$151,565,027	\$151,898,837	\$153,319,548	\$154,983,655
Do. do. cur.	\$25,688,783	\$25,607,521	\$21,652,517	\$21,319,691

Sterling exchange has ranged during September at from 4.86@4.86½ for bankers' sight, and 4.84@4.84½ for 60 days. Paris—Francs, 519⅝@520 for sight, and 522¼@522½ for 60 days. The closing rates of the month were as follows: Bankers' sterling, 60 days, 4.84½@4.84¾; bankers' sterling, sight, 4.86@4.86½. Cable transfers, 4.86@4.86¼. Paris—Bankers', 60 days, 522½@521¼; sight, 520@519⅝. Antwerp—Commercial, 60 days, 524⅜@523¾. Reichmarks (4)—bankers' 60 days, 94½@94¾; sight, 95⅜@95½. Guilders—bankers', 60 days, 40@40½; sight, 40½@40¼.

## DEATHS.

HILL.—On September 15, aged eighty-one years, BRADLEY C. HILL, President of the National Union Bank, Woonsocket, R. I.

HUME.—On September 10, aged seventy-two years, S. B. HUME, President of the Frontier National Bank, Eastport, Me.

KAMPMANN.—On September 6, aged sixty-seven years, J. KAMPMANN, of the firm of Lockwood & Kampmann, San Antonio, Tex.

KING.—On August 8, aged eighty-two years, WILLIAM J. KING, President of the First National Bank, Providence, R. I.

KINNICUTT.—On September 15, aged seventy-three years, FRANCIS H. KINNICUTT, President of the Citizens' National Bank, Worcester, Mass.

LATHAM.—On August 30, aged seventy-one years, J. C. LATHAM, President of Bank of Hopkinsville, Ky.

LEARNED.—On September 2, aged fifty-five years, LEONARD C. LEARNED, Cashier of the Union Bank, New London, Conn.

OAKLEY.—On September 6, aged eighty-three years, I. K. OAKLEY, President of the Quassaick National Bank, Newburgh, N. Y.

RAWLINS.—On September 7, aged fifty-seven years, EDWARD A. RAWLINS, President of the Centennial National Bank, Philadelphia, Pa.

SCHETKY.—On September 1, aged fifty-six years, HUGH P. SCHETKY, Cashier of the Corn Exchange National Bank, Philadelphia, Pa.

TODD.—On September 9, aged seventy-six years, F. H. TODD, President of St. Stephen's Bank, St. Stephen, Canada.

WATKINS.—On September 5, aged seventy-five years, F. N. WATKINS, President of the Commercial Savings Bank, Farmville, Va.

THE  
BANKER'S MAGAZINE  
AND  
Statistical Register.

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VOLUME XL.

NOVEMBER, 1885.

No. 5.

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BUSINESS, SILVER, AND THE PUBLIC DEBT.

Within a few months there has been a gratifying improvement in the business situation. The newspapers, as usual, drawing heavily on their imagination, have tried to make people believe that the good times had come, but those actually engaged in business knew differently. We suppose the newspapers feel as if they had a kind of duty to perform in the way of bolstering up the failing hearts and failing pockets of business men, and it would be a happy thing indeed if business could revive by the *fiat* of the newspaper writer. Unhappily, business prosperity depends on other conditions. The newspapers and politicians may help or hinder to some extent, but the situation is not entirely in their hands. Many causes are always acting, one way or another, and some of these are far reaching and not easily controlled.

Nevertheless, there is a real improvement. This is shown in larger sales, and in firmer prices. Many kinds of business are regaining confidence, and, in one way and another, the improvement is clearly perceptible. The Clearing-house record, for example, is proof of the increased magnitude of business operations, and though an element of speculation must be eliminated from that record, yet, after making due allowance for it, the returns show clearly enough that the business movement is larger than it was during the corresponding months of last year.

Another fact ought also to be kept in mind, namely, that the process of business recovery is not unlike that of a man recovering from a fever. He is not able to leave his bed, it may be,

yet every day he is gaining more and more strength, until, finally, the time comes when he can get up and be doing. So, too, the business world, though, perhaps, sick abed, is mending without danger of relapse, and, before very long, will be briskly engaged in multitudinous enterprises. One of the essentials to business prosperity is the growth of the country to a point which shall make a larger portion of our railroad mileage profitable. The increase of population is so great from year to year that this desired condition will soon be reached, and when it is, good times will again smile on the country.

It is true that money is commanding a very low rate, which leads not a few persons to conclude that there is too much of it in the country, and that a contraction is desirable in the interest of the money lender. This is one of the reasons given for discontinuing the coinage of silver. It is contended that the lenders certainly would be better off if the supply were less abundant; yet, it may be questioned whether if the supply were stopped, the quantity of loanable medium would be decreased and the rates of interest advanced. For, it must be borne in mind, that the banks are constantly multiplying all over the country, and one of the marked consequences of this movement is that people are getting into the way of depositing more and more, thus directly contributing to the growth of that fund from which all loans are principally made. Now, if the money lender is desirous of getting higher rates, and, to this end, wishes a curtailing of the supply, he should also, if possible, stop the creation of banks, and discountenance bank deposits, and then, having effected these ends, it might be possible to raise the rates; but, so long as he is unable to accomplish both of them, he cannot succeed in his purpose. The unquestioned truth is that the low rates, while due, in part, to the lack of employment for money, are also in part due to the increase of the loanable fund, which is the direct outcome of increasing the number of banks. We do not think that this state of things should be regretted. The advantages to the country from multiplying its banking facilities are very great. These are more clearly shown in England than in any other country in the world. The quantity of paper money in that country has been diminishing somewhat for many years. The supply of specie is quite ample; the banks, however, are numerous, and the system of deposits is so well established that a little money is made to go a very long way, and so the people are amply supplied and the rates of interest are low. If, therefore, the rates of interest in this country are not as remunerative as the lender desires, he should not forget that the decline is due in part to greater banking facilities, which are provided by law, and are everywhere regarded with favor.

It is asserted that the present condition of the silver coinage has a deterrent effect on business. We are inclined to think that those who maintain this view have over-exaggerated the effect of the presence of silver in the monetary circulation. As a fact, does any one hesitate to lend money through fear of getting in return an inferior currency to that loaned? Are any of the banks to-day afraid to loan money through fear of getting silver in return? Are any business enterprises hesitating through fear of a change from the present gold to a silver standard? It is pretty evident that we are on the edge of a change from one standard to the other, and this cannot be very much longer postponed. Nevertheless, is it not true that business men generally have believed that the danger would be averted, and have made contracts in the belief or expectation of escaping this danger? We think this is the truth about the matter. The people have had faith that the Government would act, and act effectively, in preventing the change, and, consequently, have bought and sold and borrowed without fear.

One of the most extraordinary phases of the silver question, pertains to the public debt. Notwithstanding the accumulation of a surplus revenue, the Government dare not pay a dollar lest it result in a change from the gold to a silver standard. So, all through the months since the present Administration came into power, the surplus has been growing slowly, and yet no payments could be made with safety. If the people believe in anything, it is in paying the debt, yet it is equally certain that they believe in maintaining the gold standard. We have the money wherewith to pay, the people desire the payment to be made, yet this cannot be done except at great hazard of incurring a serious evil. This, surely, is a singular state of things, which ought to be corrected at once. It is to be hoped that Congress will act at the opening of the session, and so readjust our silver legislation as to permit the debt reduction to go on with safety, and, also, ensure the permanence of the gold standard, and thus remove all doubts and fears that business men may have concerning the future of silver in their future engagements. Congress cannot act too quickly in so re-adjusting our silver legislation that it shall truly express the sentiments of an honest people.

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### THE EDUCATION OF BANKERS.

Elsewhere may be found a very interesting report concerning the education of bankers. The scheme comprehends a course of study, at the end of which, if satisfactory, the applicant may become an auxiliary member of the American Bankers' Association. The main idea underlying this report of educating the banking class is worthy of much consideration. There is a widespread feeling that systematic education is not needful in this country for acquiring wealth, whether in railroads, banks, or other kinds of business. In fact, many regard the education of business men with a good deal of distrust, as unfitting, rather than fitting, them for their work. This view grows out of a very imperfect conception of the present business situation, and should be corrected as speedily as possible. An enormous amount of wealth has been accumulated in this country during the last hundred years by men without skill or experience, and they very hastily conclude that inasmuch as they were without systematic education in making their money, it is unnecessary for their successors to be any better fitted than themselves. This is a mistake. As our country grows older, competition becomes sharper, and a higher order of business ability is needful to succeed. It is true that some fortunes are lying around loose which can be easily picked up, but they are not as plentiful as they were a few years ago, when a man could go get a cattle ranch, or go to Omaha, Minneapolis, or some other thriving city, and buy a corner lot, put up a flour mill or start a hotel, and be perfectly certain of making money. Fortunes thus easily made cannot be made everywhere. They are exceptional, and to make them in the regular pursuits in most places of our country it is needful for men to be better educated, and to this end the course of study prescribed for bankers in the paper published elsewhere has unquestioned value. The man who has a disciplined mind, who can reason and think and do things systematically, has a better capacity and is worth more in a business situation than an undisciplined and an unreasoning man. Even if a systematically-trained man has not the practical experience, he will gain it far sooner than another not possessing such an education. This has been tested over and over again. We do not for a moment contend that book knowledge makes a business man; practice, of course, is needful. We do, however, contend that the business man possessing both will belong to a higher type and be more capable of discharging his duties efficiently than a man who has learned only the narrow practical side of a business.

This report is exceedingly suggestive. One of the thoughts oc-

curing to us in reading it over is, the desirability of using the local associations for the training of bankers. Why could not the banks go a step further? If it were found that a considerable number of bank clerks in New York, Chicago, or elsewhere, were desirous of acquiring such an education, why could not the banks in that locality unitedly furnish some aid in the way of an instructor or examiner, who should look after such persons and direct their studies, and furnish such helps and suggestions from time to time as might be desirable, to enable them to prosecute their work with greater satisfaction and success? Surely the expense would be very light, and the progress made would probably be more satisfactory. Very likely some of the persons desiring to take the course recommended would hardly know how to begin, and if they knew of some one to whom they could go for help and encouragement they would be more inclined to take up the studies prescribed.

Inquiry was raised at the Convention, when the paper was read, whether there were persons in the business who really desired to get a better foundation for the banking business. Some persons were skeptical on this point, and thought those employed cared very little for really improving their situation. It was contended on the part of several bankers that they knew of persons who would gladly pursue any course of study or mode of improvement suggested of which they could avail themselves. One thing is certain, and that is, the experiment is a perfectly safe one to try. The cost is but little, and perhaps nothing. No one is harmed in the least by attempting it. We wish that the step here taken might lead speedily to additional steps in the direction indicated. Let the bankers in some of the larger places take an interest in this matter, in the way of putting this knowledge more directly before those in their employ, informing them of the nature of the scheme, rendering whatever assistance may be needful to such as would like to engage in it. Were this done, we have reason to believe that highly satisfactory results would be achieved.

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## INVESTMENTS.

The present financial depression in this country is quite unprecedented. It is, in a way, phenomenal. Never before have current rates for money reached so low a figure. There have been in our history many similar periods of commercial stagnation and business depression of varying degrees of intensity, during which every known element of disorder, doubt and uncertainty has, each in turn, prevailed; and yet we may look in vain for any record of a time when money was held of so little value as at present. There have been times (and, in fact, they succeed every period of business depression) when money has been equally abundant, and the opportunities for its profitable investment no more plentiful, and yet there is no evidence that ever before in this country has money been borrowed on time obligations from two and a-half to three and a-half per cent. To many this fact is a source of surprise, not to say of alarm. It is true that in England similar low rates have prevailed for years, and the fact has hardly excited comment. It seems to be expected that, as a nation reaches its maturity in industrial and commercial development, the time will come when, by excess of wealth and lack of further opportunities for its employment, capital will stagnate, and such stagnation is the well-known and prolific cause of depressed rates. From our standpoint as Americans, this reasoning seems very clear and logical as applied to other nations of the earth. Cause and effect follow each other very perceptibly. But when it comes to the consideration of our own conditions and possibilities, we are less intelligent. We are not quite clear why a country that possesses such ample resources of raw material and undeveloped wealth of territory should so soon approach to like conditions with the older nations of the world. No one will deny that, in many respects, this country is in the infancy of its development. The immense resources of the West and North-west have as yet hardly been made known; while at the South and South-west we are confidently looking for grand results as intelligence and enterprise begin to cope with the new conditions there being inaugurated.

It is not, therefore, without reason that we are led to ask why, when we come to reflect upon the present condition and future prospects of the money market in this country. It will not, then, be considered untimely at this juncture if we attempt to make an estimate of the causes which are operating, and may continue to operate, to produce a condition of things similar to the present in the financial world.

There are several causes which, in our opinion, are operating at present to produce and maintain low rates for money in this country. In the first place, our credit is too good; we offer too many inducements to foreign capitalists to make investments on our shores. We have not only to provide for our own fast-accumulating wealth (10,000 millions in ten years past), but we have found our field for investments invaded more and more each year by the money of foreign capitalists. According to the most authentic estimates available, there is invested in American securities, in one form or another, at the present time, in round numbers, not far from 1,000 million dollars of foreign capital. Not an insignificant sum, certainly. This state of things has been brought about primarily by the formerly large returns on investments obtainable in this country, as compared with a similar class of investments elsewhere. The high standing and character of the leading American securities is proverbial, and so long as the returns offered do not militate against it, our neighbors across the sea will not be slow to appreciate the situation. Of course, as money becomes less valuable in this country, the foreign holding of our securities is likely to suffer a falling off, which is a "consummation devoutly to be wished." There is wealth enough among our people, and will continue to be as time goes on, to satisfy every legitimate demand arising from our progressive development, so that everything in the form of foreign capital that comes to our shores will act as a hindrance to the successful employment of our native resources. There are indications that the foreign holding of our securities is diminishing, but this is observable mainly in the case of Government bonds, and is accounted for by the extensive calls for redemption by the Government. We may rest assured that so long as our market presents any attractions to foreigners in the way of superior investments, the presence of outside capital will be felt, and it will operate as a depressing influence upon us. Of this there can be little doubt.

Another reason presents itself why the future condition of our money market will not materially change from what it has been for the past few years, when we come to compare the statistics representing the increase of wealth as compared with population for the past thirty years. It is surprising, and, yet we are warranted in saying, that during the three decades from 1850 to 1880, our National wealth increased sixfold, while the population of the country only doubled during the same period. Now, this seems out of all proportion. How this enormous accumulation of wealth is to be utilized is the problem that presents itself. The material advancement and development of a nation ought to bear some definite relation to the increase of population. We cannot, for instance, hope to open up our vast western territory, and provide it with all the appliances of advanced civilization, so long as it is unoccupied, or so

sparsely as to offer no inducement to capital. The experiment has been tried of investing money where there has been no sufficient call for it, in the vain hope that somehow it would recreate itself, and with always the same result. Capital is necessary to provide the necessities and conveniences of life for our 60,000,000 of people; to furnish and support schools, churches and colleges; to till the soil and move the crops, and to ameliorate the condition of the poor and unfortunate. And yet there is a limit to all this. There is the bare possibility that the ratio of increase of wealth to population of three to one is more than the occasion demands. If this is so, and, in regard to it one person's judgment may be as good as another's, what is to become of the residuum? Having fulfilled its legitimate functions in the particulars mentioned, how is the surplus capital to be utilized? Only one way seems to be left open to it, and that is, to enter into competition with capital already employed, as labor competes with labor, cheapening both. Generally speaking, an increase of wealth is considered to be to the advantage of a nation, as to an individual; but there may come a time in the case of either when such increase may operate disadvantageously. Reason as we will, the *tendency* is that way in this country, and it will be a favoring providence that shall turn the scale to our immediate advantage.

It remains to assign one more reason for our belief, that rates for money in the future, as in the past, will have a downward tendency. It may not be apparent to every one that the price at which a government borrows its money becomes thenceforth the standard toward which all other loans gravitate. This is simply the teaching of history. You may take, for example, the financial history of any nation under the sun, and the statement will be found to suffer no denial. In any nation, and among any people, the Government rate of interest becomes the standard. It has always been so in England, in France, and in America. *The ideal of absolute security is the GOVERNMENT.* If it were not so, a people could hope to realize no prosperity under it—it would not be a government in the true sense. According as we depart from the standard, we assume a risk which is in exact ratio to the degree of departure. To illustrate: Our Government borrows money at three and four per cent. But Government bonds of every class are selling on the market at a premium of from three per cent. for the threes to twenty-four per cent. for the four-per-cent. bonds. It is evident, then, that a purchaser of Government securities at the above rates, will realize on his investment from 2.9 to 3.25 per cent. only. "Prime" mercantile or business paper is selling at from three and a-half to four per cent. at the present time, thus realizing to the investor a fraction better than Governments. The mercantile world is subject to vicissitudes, however, which do not affect Government stability or credit; hence,

business paper may experience momentary and periodical fluctuations which cannot be foreseen or calculated, rendering the returns therefrom less stable than from Governments. This fact must be recognized, although the tendency through a series of years will be found to be, as already indicated, in the direction of Government rates.

There are other investments of a similar high order, foremost among which must be classed mortgages on real estate, which are taken to-day as low as four per cent. Railroad securities of the first order pay from six to eight per cent. on their par value, but the premium which they command in the market is such that they yield the investor five per cent. and less, which is an index of the relative security of the investment. Bank stocks may be arranged in the same category, yielding five per cent. and less to the investor, according to the estimated soundness or prosperity of the institution.

Enough has been said to show that at the present time, at least, the better classes of securities and Government bonds yield about the same return, the preference being always in favor of the latter for *absolute safety*. But, fearing that it may be objected that the present is an exceptional period, and the facts stated a mere coincidence, we have taken pains to verify our general statements by an appeal to statistics easily obtained.

In 1853 the United States Government was paying six per cent. interest on its debt, and prime business paper sold for seven per cent. In 1860 Government paid six per cent., and business paper six and six and a-half per cent. In 1870 United States bonds were yielding five and six per cent., and business paper sold readily at six and six and a-half per cent. The same showing might be made for any given year; and not only for this country, but for England or France, or, in fact, any other country having an organized Government. Now, to apply the foregoing to the subject in hand: If the United States Government is borrowing money at three per cent., and even finds that its obligations at this rate sell at a premium, is it not safe to infer that, so long as its credit remains unimpaired, the general tendency of the money market will be in the same direction?

"But," it is asked, "will there be no reaction from the present low prices for money as general business revives?" Without doubt there will be a slight recoil as confidence is restored, but it will not be to the extent of re-establishing the rates that prevailed before the depression. There has been a gradual permanent settling of values which time will not restore. Low rates will prevail, but that will not indicate stagnation or depression, but simply smaller returns on capital. And this will not be out of harmony with the general tendency of business and manufacturing enterprise, which is,

by virtue of sharp competition and mutual rivalry, undoubtedly in the direction of smaller profits with greater effort. The time is coming when men will have to content themselves with gaining wealth less rapidly as individuals, because of its more general distribution. Industry and thrift will then count for more than good fortune or smartness.

It should be borne in mind that all our present estimates are made on a peace basis; and that, should any element of discord or disorder unsettle our internal or foreign relations, all our calculations would necessarily come to naught.

We find, then, three influences which have been at work, the inevitable tendency of which has been to bring the money market to its present state of productiveness, namely: The large extent to which foreign capital has sought our shores for investment; the rapid and disproportionate increase of wealth, as compared with population, during the past thirty years; the very low rate at which it is possible for the United States government to borrow money, thus establishing the standard for the nation. Either one of the first two influences alone might not be sufficient to materially change the status of the money market, but their co-operation, combined with the third and most powerful, cannot fail, it would seem, to have the tendency indicated.

There are two conditions of the money market which never fail to produce recklessness on the part of investors. The first is, extremely large returns for money of a speculative nature, which are always transient and treacherous. The other is in opposition to this: low rates for safe investments. In the one case, men are dazzled with the prospect of sudden riches; in the other, they seem to have an insane determination to increase the income on their investments, even at the expense of safety. The second state is bad enough, but the first is disastrous. It is with the second that we have to deal at the present time. If a small return on investments is to be the order for the future; if, instead of realizing seven and eight per cent. on standard securities as we did at the close of the war, and for a period afterward, we are brought to the necessity of accepting four and five per cent., it becomes us to reflect a little and measure our steps before we advance to a point of action whence we shall desire afterward to return. Of one fact it is wise for us to possess ourselves without delay. It is, that when standard rates for money are low, large returns *always* mean risk. There never was, or can be, an exception. Men or corporations that have undoubted security to offer can always obtain money at the lowest ruling prices, for obvious reasons. No one will pay seven per cent. for money when it is obtainable for five. If a man is willing to place a mortgage on his property, at eight per cent., he is either asking for too large a loan on the

market value of the property, or else it is undesirable property to deal with; otherwise, the savings banks, or individuals, would satisfy his wants at five per cent., or less. If corporations, railroad or otherwise, are offering large returns on their securities, it is because they have nothing else to recommend them, and are thus throwing out a bait to the credulity of unreasoning investors. These are certainly very obvious reflections, and yet men ignore the truth contained in them every day. Legitimate enterprise in our day and generation never fails of recognition, and it is the thoughtless only who are deceived.

The operations of trade are so closely watched and scrutinized now-a-days, and so faithfully chronicled, that it is possible to obtain the most minute and particular information in regard to every possible branch of industry. Nothing can be hid from an inquisitive public. This seems severe sometimes, and yet it is essential and useful. That the person who is deceived is negligent of opportunities is true, then, with only slight reservations.

Hence, it seems almost unaccountable that so much money and capital are wasted, and worse than wasted, in worthless investments. It would seem to be presumptuous to attempt to assign any other reason for it than an inordinate desire to gain money which possesses some people.

It is not difficult to realize that it is a depressing experience for those who have been reliant upon the income on their investments, to be forced by circumstances beyond their control to accept smaller returns for their money. Especially is this true where incomes are limited. It takes a profound philosophy to convince such that quiet submission to necessary conditions is the part of prudence. And yet, viewed in the calm light of reason, it will not be denied that such is the case. One consolation we may surely have under such circumstances, that we are not the only sufferers. We have plenty of company in our misfortune; for what affects us, affects the larger class of investors equally.

Prudence teaches, then, that under the circumstances, however depressing, if we would save ourselves from loss and needless anxiety of mind, we must abide the situation. To make sure of the principal in any event, even at the expense of small returns, is the dictate of wisdom. How much unaffected sorrow and trouble might have been saved to the world, if such had been the policy of investors from the beginning, those alone who have been placed in a position to meet and condole with the unfortunate can tell.

It may not be amiss, just here, while touching a subject of so much importance, to throw out a few hints, the result of some experience, which may be of use in reflecting some light upon the subject of safe investments.



From what has been already said, it is hardly necessary to re-iterate. *Make sure of the principal; regard not the return as the first consideration.* With this maxim thoroughly in mind, the world's market for investments is open. As far as New England is concerned, most people are familiar with what are commonly called good securities. The net return afforded of itself will settle that. But, doubtless, no one has failed to note the fact that the West is, at present, presenting attractions to many, in the form of possible investments.

The feeling has prevailed for a great while at the East that the West is poor. This is a mistaken notion. The only sense in which it may be justly said that the West is poor, is that it is largely undeveloped. The centers of industry and population are growing wealthy with immense rapidity. Wealth is accumulating more rapidly at the West than in the East, because of the multiplying opportunities for its utilization there. Capital finds a more ready employment in that section, and, hence, is slightly more valuable. But it is a mistake to suppose that such fabulous returns for money, as are reported, can be obtained from legitimate investments. The truth is, that a similar class of investments there yield but one, or sometimes two per cent. more than in New England. This is not surprising. The conditions warrant it. But when it is represented that ten and twelve per cent. can be obtained on first-class investments, the statement is a mere fiction. Such is not the case. The class of investments for which the greatest pretensions are made, and which profess to yield such astonishing returns, is that of farm mortgages.

Now, there is little doubt that a first-class mortgage on productive real estate is just as sure and satisfactory an investment in Kansas as in Massachusetts, so far as safety alone is considered. But just here is the difficulty, of making sure that it is *first-class*. In dealing with Western securities we, at the East, are working at arms length; we are always at a disadvantage. We accept as true the representations of agents, supposed to be honest, and place our money where we have not the least idea of the value of the property involved. It is surprising that investors so readily ignore the very dictates of reason and common sense, which they so strenuously adhere to at home, in their dealings with those points. No one would think for a moment of making a loan in New England upon a farm which he had never seen, and about which he knew absolutely nothing. And yet, in an extensive country like the West, where there is so much valueless as well as valuable property, there should be all the more caution exercised. Strictly speaking, no one is warranted in making a loan upon any property, East or West, without first seeing it.

It is often urged in extenuation of what is here considered an

offence against good reason, that the agents for these securities are often clergymen and lawyers, reputable men, well known in the community, who would not knowingly make representations not founded in truth. Very well! The more censurable these agents; for they generally know nothing of what they recommend; their information is second-hand, and, hence, valueless. The writer has in mind one of these reputable (?) agents, lately from the region which he was representing, who, when pressed to the point of confession, was obliged to admit that he had never seen the property mentioned, and even did not know its exact location, although he had seen fit to recommend an investment in the most glowing terms.

It is lamentable! To illustrate 'the pernicious influence which men of standing and character may have upon those who have reason to rely upon them for good judgment: The writer recently received a call from a widow of small means, who asked advice as to the advisability of selling National Bank stock paying six per cent. dividends, and purchasing a Western mortgage promising ten per cent., the same having been recommended by an intimate friend in the ministry. The advice, promptly given, was in favor of retaining the bank stock, by all means. Whereupon the lady proceeded to enumerate the virtues of her friend, the agent, distrusting everything that would seem to indicate that probably he did not know what he was talking about, and finally closed by saying that if she could secure ten per cent. for her money as long as *she* lived, she was not particular whether her heirs ever recovered any of the principal or not. What nonsense! What desperation! And yet, how many are guilty of the same kind of reasoning. And they are led on and indulged in their folly by thoughtless advisers, who ought to know better. The dictate of reason in this, as in other matters, is: "Look before you leap." Examine for yourself the evidences of genuineness before you accept advice from any. Is it better to distrust every form of investment until you have satisfied yourself that it is worthy of confidence, rather than to be duped, cajoled, and flattered by an unthinking, if not unprincipled class of men.

Western railroad securities attract more or less attention at the East, and should be handled with care. Railroad construction is epidemic; it flourishes at the expense of the misinformed.

The leading trunk lines are well known for their financial strength and general prosperity; too well known, in fact, to offer great inducements to high-rate investors. Future developments will probably reveal the absorption by these prosperous main arteries of the local and now profitless systems which interlace the Westward-lying States. The great North-west is to be opened to traffic, and it is to this section that we must look in the near future for the finest developments in railway enterprise.

Municipal securities have a high standing among conservative investors, and, because of this fact, yield small returns.

It were possible, if time and space permitted, to enumerate in detail a list of reliable investments, more or less complete. On the other hand, time and space would both fail us in any attempt to mention the names of even a percentage of the so-called securities with which men will persist in being deluded.

It is to our eternal peace of mind, however, that there are laws which govern in this as in other material matters; and of these laws and their practical working it has been our endeavor to speak in the foregoing pages.

WM. WOODWARD.

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### INDUSTRIAL STATISTICS.

The line between the old-fashioned political economists, who are content to imagine hypotheses and build their systems on them, and the newer economists who are seeking to pursue the far more difficult process of gathering facts and deducing economic principles from them, is becoming clearer. Concerning the superiority of the newer method, nothing need be said here. Outside the little circle of economic dreamers, men have long distrusted the old political economy, because it rested on a foundation so unsubstantial. The man of business is a believer, first of all, in facts; and if an economist sought to state principles for application in the production and exchange of wealth, it was necessary to show their fitness in order to secure their acceptance. But it was clearly enough seen in many ways that these principles were crude in the extreme, and little worthy of attention, much less application to any given situation. The newer economy, however, if not as complete in the number of its principles as the old, is much safer, so far as it has gone, because it starts with a right method. It considers economic principles not as fixed and unvarying, but the outcome of the existing situation, and changing with that in every country and generation. This method, therefore, encourages, in the strongest manner, the study of the social organism in its parts and entirety, and one of the consequences is a series of books, reports, and monographs, which possess a real value in advancing political economy and the welfare of society. The sixteenth report of Col. Wright, Chief of the Bureau of Statistics of Labor of Massachusetts, is a work of this nature. It is replete with important facts concerning the past relations of labor and capital, and will prove helpful in future discussions of the subject. Its chief statistical feature this year is the

tables of wages and prices from 1752 to 1860, which, with the accompanying text, occupy a large part of the bulky volume in which the report is presented. There are, however, in addition to this work of tabulation, other features of special interest and value, to which attention may be profitably directed, notably the account of the economic experiment of the Pullman Car Company, at Pullman, Ill., the examination into the causes and effects of Sunday labor, and other matters.

The industrial development of the State is divided into three periods—first, the early industrial period prior to the introduction of machinery and the factory system, and which may be said to close about the year 1815; secondly, the period of transition, marking the change from the old to the modern industrial system, and comprising the years between 1815 and 1830; and lastly, the present industrial period, from 1830 to the present time. Each period is given a historical sketch, besides the elaborate tables of figures. These cannot well be summarized, but the following comparative table will show one of the ways in which the condition of the laborer improved with the progress of invention :

COMPARISON OF WAGES BY PERIODS 1830 AND 1860.

<i>Occupation.</i>	<i>Average daily wages for the period ending with 1830.</i>		<i>Average daily wages for the period ending with 1860.</i>		<i>Percentage of increase.</i>
Agricultural laborers.....	\$ 0.803	....	\$ 1.01	....	25.8
Blacksmiths.....	1.12	....	1.69	....	50.9
Carpenters.....	1.07	....	2.03	....	89.7
Clock makers.....	1.29	....	1.96	....	51.9
Clothing makers.....	1.27	....	1.43	....	12.6
Cotton-mill operatives*.....	0.886	....	1.03	....	16.3
Glass makers.....	1.13	....	2.96	....	161.9
Harness makers.....	1.13	....	1.65	....	46.0
Laborers.....	0.796	....	0.975	....	22.5
Masons.....	1.22	....	1.53	....	25.4
Metal-workers.....	1.23	....	1.35	....	9.8
Millwrights.....	1.21	....	1.66	....	37.2
Painters.....	1.25	....	1.85	....	48.0
Paper-mill operatives.....	0.666	....	1.18	....	75.7
Printers.....	1.25	....	1.75	....	40.0
Ship and boat builders.....	1.40	....	3.65	....	160.7
Shoemakers.....	1.06	....	1.70	....	60.4
Tanners and curriers.....	1.13	....	1.67	....	47.8
Woolen-goods makers.....	1.25	....	1.72	....	37.6
Woolen-mill operatives.....	0.946	....	0.873	....	↓ 7.7

Consolidating and averaging the wages shown in the comparisons, it appears that, for all the occupations compared, the general average increase in wages shown for the decade ending with 1880 is

\* As the wages of cotton-mill operatives presented for the period ending with 1830 are for females only, the average daily wage for 1836, which includes both sexes, is used in this comparison. Similarly, as the wages of woolen-mill operatives for the period ending with 1830, are for overseers principally, the average daily wage for 1837 is used in this table, the latter affording a fairer basis of occupation.

† Decrease.

52.3 per cent. From a comparison of the prices given for the same periods, it appears that:

Agricultural products.....	advanced	62.8 per cent.
Burning oils and fluids.....	advanced	29.0 per cent.
Candles and soap.....	advanced	42.6 per cent.
Dairy products.....	advanced	38.8 per cent.
Fish.....	advanced	9.8 per cent.
Flour and meal.....	advanced	26.0 per cent.
Fuel (wood only).....	advanced	55.4 per cent.
Meats, etc. (Turkey added).....	advanced	53.0 per cent.
Boots and shoes. ....	declined	38.9 per cent.
Clothing and dress goods.....	declined	24.7 per cent.
Dry goods.....	declined	30.9 per cent.
Food preparations (raisins added).....	declined	17.5 per cent.
Letter paper.....	declined	35.1 per cent.
Spices and condiments.....	declined	36.5 per cent.

By a consolidation of the percentages showing either an advance or decline in prices for the 14 classes of articles represented in the comparison, the general average percentage of increase in prices is found to be 9.6 per cent. If, on the other hand, we consider, for the same classes of articles, the averages and not the percentages, obtained in each class, we find the general average increase in prices to be 15.7 per cent. The mean of these two percentages is 12.7 per cent., which figure is presented as indicating, for the 14 classes of articles considered, the general average increase in prices shown for the decade ending with 1860 as compared with that ending with 1830. In the absence of budgets showing the expenses of workmen for the periods under consideration, no results can be arrived at which will accurately indicate the percentage of increased cost of living to the workman for the decade ending with 1860 as compared with that ending with 1830. The percentages of advance or decline in prices, however, considered in connection with the material advance in wages from 1830 to 1860, are sufficiently indicative of the improved condition financially of the working man. It should be noted that in but three classes of articles, agricultural products, fuel, meat, etc., has the increase in prices been so great as the increase in wages.

In the elaborate review of wages and prices in 1860, 1872 and 1878, contained in the tenth annual report of this bureau, it was remarked that the ascertained relations of wages and prices show "in 1878 an advance over 1860 of 24.4 per cent. in average weekly wages, and an average advance in cost of living of 14½ per cent., which means a pecuniary betterment of 10 per cent. in the general condition of the workingman in Massachusetts in 1878 as compared with 1860, no account being made of the decrease in the hours of labor in many industries." Subsequent investigations of the bureau have shown no decline in the condition of the

workingman since 1878. All occupations show their highest wage during the decade ending with 1860 or subsequently. Six classes of workmen—agricultural laborers, clothing makers, gold and silver workers, nail-makers, shoemakers, and woollen-goods makers—appear to have received their highest wage during the decade ending with 1883. Paper mill operatives report highest wage received for both the decades ending with 1880 and 1883. Glass makers, harness makers, and ship and boat builders show their highest wage during the decade ending with 1860, and all others, except those just noted, during the decade ending with 1880. If the period on which appears the largest proportion of highest or lowest wage rate to the whole number returned be taken as indicating the highest or lowest wage level for the century, as the case may be, then it appears that the level of highest wages was reached in 1880, 18 of the 25 industries presented in that year returning their highest recorded wage. The level of highest prices seems to be during 1820, 27 of the 83 articles having in that year their highest recorded prices. On the other hand, the largest proportion of lowest prices appears in 1860, 17 out of 79 articles having then their lowest recorded prices. Thus, directly, the laborer profits by increased wages for his work, and, indirectly, by the advanced standard of civilization, in the benefits of which he shares equally with his employer, and without direct cost to himself. In the free schools, the free library, well-lighted streets, public water supplies, and improved tenements, are seen important ways in which he shares with capital, few of which were open to his predecessors from 1800 to 1830. It is undoubtedly true that each age brings its own problems, and that the industrial changes of the country, which have amounted to an industrial revolution, have not been effected without individual cases of hardship. The transition from manual to machine labor has been a serious matter to many workmen who have not been able at once to adapt themselves to the new industrial conditions. The sharp competition of the present day renders it necessary for employers to watch carefully that important element in production, the cost of labor as represented in wages, and, in considering the question of labor cost, the rate of wages is generally taken as the standard. It is however, the *sum* of wages and not the *rate* which constitutes the true money standard of cost of labor; in other words, as capital, through machinery, becomes more effective, the relative number of laborers is decreased in proportion to product, the rate of wages is increased, but the sum of wages is reduced.

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### THE DEPRESSION IN BUSINESS.

As the sole cause of a check to production is such a fall in the prices of the things produced as to seriously reduce or wholly destroy the profit of production, it is a matter of familiar experience that renewed activity in production is not to be looked for until there is a general confidence that prices have touched bottom. It is only from the hope of a profit that men will permanently produce at all, although they will sometimes do so temporarily when the most they expect is to escape loss. This last thing happens from various motives, such as the desire, partly benevolent and partly selfish, to keep their workmen together, and the fear of losing their trade and customers by a suspension of their business.

But while a confidence that prices have fallen as low as they will, is an essential pre-requisite to revived production, it is not of itself sufficient to bring about that desired result. There must also be some profit in production at the low-water mark of prices, and until this has been brought about by a new adjustment of the costs of production, such as wages, interest on capital and the market values of raw materials, production will not be enlarged. All these things are sure to come at last. As long as mankind have wants and desires to be satisfied, there will be production, and in some way or other the conditions indispensable to production will establish themselves.

It may be said, and with some truth, that general observations of this kind are nothing more than dreary platitudes, and that they throw little light upon the practical and really burning question as to the probable duration of the present depression. But it is necessary to reiterate sound and approved views and principles, whatever uncertainty there may be about the exact way in which they bear upon actual situations.

It seems clear enough that a simultaneous revival in all lines of production is not to be expected, inasmuch as the circumstances affecting the different lines are not the same. But a revival in certain lines soon becomes not universal but general, from the inter-dependence of all branches of business, and from the fact that a revival in even one of the important branches of production, increases the consuming power as to the whole range of commodities, of all the persons engaged in it as laborers, or otherwise.

It seems to be established also as a fact of observation, that periods of marked depression in business affairs are very much longer

than periods of marked buoyancy. Two years covered the whole of the "boom" commencing in the summer of 1879, and ending in the summer of 1881. Twice that number of years of depression have followed, and the clouds still overhang, and the indications that they are breaking away are still slight and dubious. This fact of the greater duration of depression than of excited activities in business, has been sometimes spoken of as analogous to the fact that the human body is subject to protracted years of pain, while the pleasures of which it is susceptible are very limited in time. The facts in the two cases may be similar, but the causes must be entirely different and can throw no light upon each other.

It has been frequently pointed out, and the statistics which establish it are so numerous and so uniform that there can be no doubt about it, that the differences in the amounts of production, comparing periods of great depression with periods of great activity, are far less than is popularly supposed. In the worst times, the number of persons out of employment, although distressingly large in itself, is still small compared with the number of persons who still find work to do, although it may be at reduced wages. It therefore cannot require any very large percentage of increase in the present volume of production, to provide employment for all on some scale of wages.

As already noticed, business may revive, by reason of readjustments of wages and of other costs of production, at the present general range of prices, or at any lower range to which they may fall. But so long as a rise of prices is looked to as the means of resuscitation, this much is certain, that there can be no rise of prices here, which is not preceded or immediately followed by a rise of prices in other commercial countries. Prices in all countries come to an equilibrium as inevitably as water does, but in water there is no other equilibrium than that of a level, whereas an equilibrium of prices, as between nations, is that relation of their respective prices which so controls their merchandise trade with each other, that there shall be no balances requiring the shipments of the monetary metals. There can be no rise of prices here, unless there is also one in Europe. A high, or low range of prices, measured, of course, in the same monetary metals, is always a world fact, and never, except under exceedingly brief and transitory conditions, a local fact. It is possible and has sometimes happened, that the cause of a high or low range of prices in the commercial world has been something done in a particular country, as in the conspicuous and modern case of the unprecedented rise of prices in Europe in 1871 and 1872, from the suspension of specie payments in France in the last half of 1870, followed in that country by the sudden issue of \$500,000,000 of irredeemable paper and the equally sudden diffusion over Europe of enormous masses of French gold and silver coins.



But the resulting raised range of prices was none the less a world fact, because it originated in a local fact. Whoever expects that prices can rise here while remaining low in other commercial countries, will assuredly find himself mistaken. There can be no cause sufficient to raise prices here, measured in metallic money, unless it is a cause of such a nature and of such a potency as to raise them in all commercial countries. If there is no such cause, the only relief for which we can reasonably look, is in such a readjustment of the costs of production as will restore business activity on the present scale of prices, or possibly on a lower one, but at any rate on the scale of prices, whatever it may be, which the overruling law of the equilibrium of prices throughout the world enforces. Business will move along just as well on a basis of five dimes, as of five dollars, for a barrel of flour, with all other prices correspondingly low, and all that debtor nations and debtor individuals will have to do in that case is, to wipe out their obligations with the sponge of bankruptcy, after submitting to the loss of at least all such property as they may have specifically pledged to secure their indebtedness.

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### FINANCIAL FACTS AND OPINIONS.

The New Orleans *Times-Democrat* is authority for the statement that one-half of the cotton crop of this year is the product of white labor, as compared with forty-eight per cent. last year, and with forty-four per cent. in 1883. There was in the old slavery days more or less cotton raised by small, white farmers, by their own labor and that of their families, and the cotton so raised was generally picked more carefully and rated higher in the market than that picked on the plantations. At that period, attempts to raise cotton by hiring white laborers were frowned upon and discountenanced by southern public opinion, although the number of such laborers who would have been glad of employment at moderate wages in the cotton fields was always large.

A Manitoba correspondent of the *Montreal Herald*, speaking of the establishment of a cheese factory at Minnedosa, says that the pasturage of Manitoba is so rich that nine and one-half pounds of milk there will make a pound of cheese, whereas eleven pounds are required in the Province of Ontario, the dairying resources of which have always had a high repute. The Manitoba lands possess great fertility, but it will only be in years of exceptional fertility that wheat can be exported to Europe with a profit, unless the short route by the way of Hudson's Bay can be made available, which

does not at present seem to be probable. In Manitoba, crops must be worked into beef, cheese, butter, and other things more valuable in proportion to their weight than wheat is, in order to make the province prosperous. It may be made to answer for a time in the rude beginnings of the settlement of that country, but as capital increases, a thrifty, intelligent, and energetic people will diversify their industries, and the era of solid growth and real enrichment, independent of the ups and downs of foreign markets, will then have been reached.

The average value of Chili copper in bars, in England, was £62 10s. during the year 1881, £66 15s. during 1882, £63 5s. during 1883, and £54 7s. during 1884. At the beginning of September, 1885, it was £42 15s. Present prices are said by an English journal to be "so low that they have no parallel in history." The fall in the price is largely due to the recent expansion of the copper-mining industry in this country, the stimulation of which by a protective tariff was so violently denounced by the free-trade *doctrinaires*, but which has proved to be an immense practical success. A correspondent of the London *Times* declares that the copper production of the United States "is one of the most gigantic developments now claiming the attention of the political economist and the man of business," and that this country has already "swung round from the position of a leading consumer to that of a first-class producer."

The fall in the prices of cattle and sheep during the present year in Great Britain and Ireland has been very great, but has been most severe in the prices of sheep. The London *Times*, near the end of September, said, in respect to the latter, that it had "varied from fifteen to thirty per cent., while in some cases a fall of one-half has had to be submitted to." This is mainly ascribed to the importation of frozen mutton from New Zealand, which increased from 247,772 carcasses during the year ending March 31, 1884, to 491,096 carcasses during the year ending March 31, 1885. The *Times* seems to expect that this importation from New Zealand will now diminish, but if it does, it will not be from any decrease in the flocks of New Zealand, which are constantly enlarging, but from the decline of prices in the British mutton market. It is reported from the Argentine Confederation, which has one hundred millions of sheep, that it is now far advanced in preparations to ship frozen mutton to England, in competition with the New Zealanders.

Among official documents recently issued by the Government of the Province of Ontario is one showing that at the end of 1884 it had 751 cheese factories, as compared with 635 at the end of 1883, and 471 at the end of 1881. The quantity of cheese made in 1884 was sixty-seven million pounds, valued at \$6,998,889, as compared with a production of fifty-three million pounds, valued at

\$5,500,000, in 1883. Canadian cheese, if it was made duty free, would be imported largely by this country, and it is now our principal competitor in the British cheese market.

The production of beet sugar has not been made a practical success anywhere in this country on a large scale, except in California. It is claimed that there are in that State, north of San Francisco, three million acres specially adapted to the cultivation of the sugar beet. California can undoubtedly supply the Pacific Coast with sugar from the beet, but not in competition with the cane sugar raised by Chinese labor in the Sandwich Islands.

The railroad shipments of wool from Montana Territory during 1884 amounted to 4,150,000 pounds, and its flocks of sheep are increasing at a rate which will duplicate their numbers every three years. The *Baltimore Journal of Commerce* says of the Montana wool, that it is "a favorite with manufacturers for medium to fine medium fabrics."

The late French Chamber of Deputies increased the tariff on wheat, and it is said that the new Chamber just elected will be still more protective, and will be likely to impose almost prohibitory duties on foreign grain and meats. The candidates of all the French parties tried to outdo each other in promises of protection to the agriculturists. Nothing is more certain than that France will adhere more rigidly than ever to that policy. Free trade has no foothold there, except among theorizing *doctrinaires*.

There is now in existence in India a law of the English authorities regulating the hours of labor in the cotton factories. The restrictions which it imposes are, however, very slightly protective to laborers, as shown by the amendments to it, which are reported to have been agreed upon by a commission recently appointed upon the subject. One is to raise the minimum age of children employed from seven years to nine. The present law rates persons twelve years old as adults, and it is proposed to raise that age to fourteen. Women, under the proposed new law, are only to be worked from 6 A. M. to 6 P. M., with one hour's cessation out of that time. There are now only fifteen days' rest in a year, which it is proposed to change to one day in the week, from which it would seem that the Ten Commandments are beginning to be considered as in force in the dependencies as well as in the home dominions of Great Britain.

The Berlin Conference, which adjusted the terms upon which the last war between Russia and Turkey was brought to a close, provided, among other things: (1) That Bulgaria and Servia, which became independent of Turkey, should provide for their share of the previously existing Turkish debt; (2) that Greece and Montenegro should do the same thing in respect to the slices of Turkish territory which they respectively obtained by the adjust-

ment; and (3) that Roumania should not be fully admitted into the family of European nations until it repealed its laws forbidding Jews to hold lands. These various provisions have so far, to use an expression of the London *Economist*, "been suffered to sleep." No visible effort has been made to enforce either of them, except the one in relation to Roumania, which has, nevertheless, stubbornly refused to permit Jews to hold lands, upon the ground that the borrowing and improvident propensities of its land-holding classes were so incurable, that all their possessions would, sooner or later, pass into the hands of the money lenders of the Israelite persuasion, by the foreclosure of mortgages. We doubt very much whether the Berlin Conference expected, by the several provisions referred to, to do anything more than to manifest their own personal fealty to the financial classes which rule Europe. The hostility to the Jews in Eastern Europe is so bitter and inveterate, that it is continually breaking out in acts of violence and bloodshed, and even in countries like Russia and Austria, where the governments are strong and do all they can to restrain such acts. It could not really have been hoped by anybody that the rulers of Roumania could be coerced by threats into taking the risk of being themselves expelled from power, if they attempted to give to Jews the right to acquire landed property. As to Bulgaria, Servia, Montenegro, and Greece, all of them poor countries, and with more burdens of their own than they can well carry, their voluntary assumption of shares of the fabulous debts of Turkey is an idle fancy, and there is no nation ready to coerce them, or who would be permitted to coerce them. To Turkey itself, it is a matter of the supremest indifference, whether its debt is paid or not. The Turkish administrators have no coupons out receivable for taxes, and the debt costs them nothing, except the trouble of occasionally writing diplomatic letters, assuring their creditors of their anxious desire to pay, and of their hope that they may be able to do so at some future day.

During the eight years from 1875 to 1883, the London *Economist*, while it claims that the British National debt was diminished £14,491,000, admits that the local municipal debts of England and Wales alone were increased from £92,820,000 to £159,143,000, or by the great sum of £66,323,000, and were thus more than doubled. Although it points out that some portion of this added local debt was incurred for productive works, and that the ratable annual value of the property assessable for local expenditures increased from £119,000,000 to £143,000,000, between 1875 and 1883, it still fears that debt burdens have been assumed "more rapidly than is prudent."

The San Francisco *Bulletin* says the building in that city during the first nine months of this year amounted to \$6,439,501, which

is \$136,694 more than it was during the whole of last year. In 1880 it amounted to only \$1,754,435. Taking the whole country together, building has rarely been more active than it has been during 1885.

The *Dry Goods Reporter*, which has all along been disposed to make the most of every symptom of improving trade, said in its issue of October 3d:

The range of prices ruling upon all textile fabrics, even those most in favor and demand, is still very low, and though we talk of an advance, it really has been very trifling upon any description of goods. Manufacturers seem disposed to market their reduced output at a nominal profit, and thus keep off undue competition, which a larger advance might induce by stimulating others to freshly engage in or increase their production.

This seems to us a very fair and accurate description of the improvement of trade since the beginning of August. In only a small degree, and only in respect to a very few articles, has it consisted in a rise of prices, but has arisen from a willingness on the part of sellers to meet the actual range of market prices, and from a conviction on the part of buyers that no lower range is to be expected. Later on, the range may be higher, but that species of improvement is not likely to be realized until the downward turn in Europe is checked, which as yet does not seem to be the case. The accounts of trade in England, in particular, all agree in representing the gloom as rather on the increase than diminishing.

The Glasgow Chamber of Commerce was addressed on the 25th of September, on the question of the metallic standards, by Mr. Smith, Member of Parliament from Liverpool, and by Mr. Grenfell, an ex-Governor of the Bank of England. Mr. Smith maintained that the real burden of the British National debt had been increased within a dozen years £250,000,000 by the appreciation of gold, which he attributed mainly to the demonetization of silver. Mr. Grenfell reiterated the view which he has expressed several times within three or four years, that it was idle to expect within any near period such a change of fixed British opinion as would admit of the remonetization of silver. But he thought that the Government might be induced to renew its offer made in 1881, to enter into an engagement to keep the Indian mints open to silver for at least ten years. Whether Mr. Grenfell's wish was father to this last thought, remains to be seen.

The rice crop of the United States promised to be extraordinarily large this year, but is now believed to have been decreased from 150,000 to 200,000 barrels, by rains and inundations in September, so that it may be even less than the yield of last year. The crop ranges from 400,000 to 500,000 barrels.

The Michigan Legislature, during its last session, passed a law

limiting the hours of labor in mills, factories, etc., to ten, exclusive of the time spent at dinner, but with the proviso that the work-people might voluntarily contract to labor any number of hours. As a matter of experience, it has turned out everywhere, and always will, that there is no real freedom of contract between employers and laborers, lenders and borrowers, landlords and tenants, etc. Whatever the law permits the weaker party to agree to do, the stronger party will compel him to enter into a contract to do. The old rule of a three years' redemption of a mortgage in Massachusetts was destroyed by a law permitting mortgagors to contract to submit to a summary sale, in case of a default of payment, whereupon they were all compelled to execute such a contract. In England, the right of tenants to claim compensation for damages suffered from the hunting sports of their landlords, was destroyed by permitting them to waive that right when they took their leases, with the result that landlords would execute no leases without such a waiver. A law, purporting to limit the hours of labor, but permitting laborers to contract themselves out of the law, will prove in practice to be entirely ineffectual. Some mills in Michigan have already imposed upon their laborers the condition of agreeing to hours of labor exceeding ten.

A London dispatch, October 15, says :

The low price of silver is stimulating exportation of wheat from India. Enormous shipments are pending. Vessels have already been chartered for 100,000 tons.

So long as the rupee currency of India retains at home an unimpaired purchasing power over commodities and labor, its depreciation relatively to gold must stimulate its exports of wheat to England and other gold standard countries. The Indian cultivators sell always for rupees, the only money they know anything about, or ever handle, and the competition of the exporting merchants of Bombay and Calcutta, will secure them more rupees for their wheat, in proportion as bills drawn for pounds sterling will sell for more rupees to the pound. It was this view which induced Mr. Grenfell to say at Glasgow (Sep. 25) :

I am strongly of opinion that India, as a whole, is reaping a golden harvest by the present state of affairs.

There was nothing upon which Cernuschi insisted with more vehemence, or more often, when he was in this country in 1876, than upon the ruinous losses which India was suffering from the depreciation of silver relatively to gold. The contrast between the "ruinous losses" of Cernuschi, and the "golden harvest" of Grenfell, shows how differently the same object will appear to observers from different points of view.

## ON THE PROTECTION OF BANKS AND OTHER MONEYED INSTITUTIONS FROM LOSSES THROUGH DEFAULTING OFFICERS.\*

The surrounding of the deposits and securities held by the corporate and private banks and bankers, with the most effective guards possible against fraudulent loss, is a matter of far-reaching importance. Guards have been multiplied from time to time, with the expansion of business and the growth of experience, but the defalcations that have happened within the last two or three years, have led many a banker to inquire whether it was not possible to devise and apply more effective protection against these unwelcome occurrences.

In approaching the subject, it is fitting to remark that, notwithstanding the number of defalcations among bank officials, there is no reason for concluding they are more wicked in general than other persons. Nearly all the prominent banks throughout the country are public institutions, and consequently their errors and wrongdoings are exposed to the public eye. Of their managers, so long as they behave well, nothing is said, but the moment they depart from the right way, they learn that the public eye is on them, and that the voice which is slow to praise, while they do right, is quick to condemn when they do wrong. In private business, conducted quietly and not subject to public examination, many a confidential clerk, or other trusted person, embezzles without public exposure. In railroad and other companies also, these events occur, yet remain unknown except to a few. Now and then a case of this kind comes to light. The much larger number, doubtless, are safely entombed from public knowledge. If the entire record of frauds of this nature were known, considering the amount of money and securities handled by the two classes—those employed in banks and those employed in other kinds of business—it is believed that the record of the former class would be much whiter than the record of the other.

With this introduction we advance to the subject itself. Our first proposition is—the more elaborate the machinery for conducting the banking business, so long as undivided direct responsibility is maintained, the more complete is the security. The mode of receiving and paying the public money is a good illustration. Those who are familiar with the system adopted by Hamilton, and somewhat improved by his successors, know that it is very elab-

\* A paper read by the Editor at the Bankers' Convention at Chicago.

orate, giving rise to the name of "red tape." If the Government sought to receive and disburse the public money in the most direct manner possible, it would throw aside no inconsiderable part of the machinery now used. Why, then, is a system so cumbrous maintained? To gain greater security. The system is so arranged that the action of each officer is a check on every other, thereby rendering the perpetration of frauds more difficult. Their small number, considering the magnitude of the operations of the Government, have long ago proved the wisdom of the experiment, and amply justified the cost of maintaining it. A bank can multiply its checks or guards against fraud and error without mingling personal responsibility, followed, however, by three important consequences: First, the employment of more men; secondly, increasing the expense; and, thirdly, diminishing the facility for transacting business. A bank desires to transact its business economically and quickly, especially in saving the time of its customers. How far it can prudently go in increasing its expense or in taking the time of its customers in order to erect stronger guards against loss for the benefit of all, must obviously be left to the determination of each bank. We shall make some remarks in another place that may be of use in forming an answer. Before doing so, however, we shall pass to another side of our subject.

Frauds and errors happen, for the most part, among those who handle the securities or cash, by which is here meant money—bills and specie. There is not much opportunity of perpetrating fraud in receiving checks, which, of course, constitute by far the larger portion of bank deposits. Nor is there much danger among bookkeepers of making false entries. Sometimes, it is true, they have forged checks, passed them off, and entered them in their ledgers and in the books of depositors, but cases of this kind are now infrequent. Note tellers, too, have sold notes not matured, and appropriated the proceeds; happily, such frauds are rare. Frauds are confined principally to those who handle the money or have control of it. What guards, therefore, can be erected, to prevent them from abstracting the money entrusted to their keeping?

Let us consider the receiving teller first. Some banks require the money of depositors to go through the hands of two receiving tellers. The first one will take it and count it, and enter it on his book and give a ticket for the amount, and then return it to the depositor, who takes it to the second teller, by whom it is received as well as the ticket, recounted and entered on his book. In posting such deposits it will be seen that an admirable system of checks is created; for the keepers of the individual ledgers may post from the first teller's record, while the general bookkeeper may make his posting from the second teller's record, and thus a good check is established all around. But such a system must detain the de-



positor for a longer time, and, for this reason, is not always desirable. Moreover, many banks receive deposits without counting, depositors trusting entirely to the honesty and accuracy of the bank officials. In such banks, of course, the system just described would be useless.

Another guard might be established. The depositor might be required to make two tickets describing his deposits, leaving one with the discount clerk or other designated official, and the money and second ticket with the receiving teller. Then the general bookkeeper might post from one set of tickets and the individual bookkeepers from the second set, and thus a good system of checks be established.

Another thing can be done, namely, after counting the money of the depositor, to return it and have him deposit it in a proper receptacle, and which the receiving teller cannot open. If this were done he would have no money whatever in his possession, save during the count. But then it would be necessary for somebody to handle it, and when this was done the risk of loss would be incurred. Many of the recent defalcations have been by receiving tellers, who have made false entries of the amount received. Some of them would have been sooner detected by writing up the books of depositors more frequently, or by having them compared with the books of the bank by other officials than those who made the entries. The practice of writing up the books of depositors with regularity is falling into disuse; a reform in this regard ought to be made at once. Moreover, why could not a rule be made, or statute enacted, if necessary, requiring depositors to present their books within stated periods—thirty, sixty, or other days—and, if not observed, absolving the bank for all losses from error that may have occurred? It may be fairly presumed that errors could be more easily corrected soon after their happening than they can be at a much later time. Surely a bank ought not to suffer for the contributory negligence of its depositors.

Now, let us consider the paying teller. He must be entrusted with money for making payments. But, why could not a clerk or other person be detailed every day for counting the paying teller's cash in the morning before beginning business, and after his proof is made at the close of the day, for the purpose of finding out whether any error or fraud has been committed? What is the present system? The paying teller makes out his proof at the close of the day and submits it to his superior officer; but whether his cash corresponds with his statement, who knows? When Scott, the paying teller of the Manhattan Bank of New York, ran away with a large amount a few months ago, it was assumed that he took it during his last day of service, but on what reason is the assumption founded? May he not have abstracted money from time to

time for a long period—from the time, in fact, since the last count had been made by others. Well knowing that his cash was re-counted only at considerable intervals, he was quite safe in helping himself if he desired. This judgment, therefore, of a sudden robbery is not tenable, so long as the present system is continued: whether the paying teller's proof is correct or not is purely a matter of faith. Why is it not practicable and also desirable to designate a man every day to go over the paying teller's cash after him, and thus make more certain the truth of his statement? Of course, if the examiner and paying teller should combine to commit fraud, it would be just as easy as before. We would suggest the designation of a different person from day to day: sometimes the president doing it, sometimes the cashier, and, again, a director might be willing to make an examination of that kind; and so, by varying the examination constantly, might we not with reason hope that the paying teller would exercise greater care in making up his statement than he does at present.

In suggesting such an examination to a bank officer, not long since, he remarked that no paying teller would submit to it; but another bank officer of longer experience remarked that a paying teller who would not submit was quite unfit for his place, that no honest officer objected to any investigation, however searching or frequent. If it were general, and not spasmodic or casual, and applied to all paying tellers without distinction, it is believed they would not object to the examination. We all know that examinations are constantly made, of one kind or another; moreover, it should be remembered that all checks and investigations are for a twofold purpose—to discover errors as well as frauds, for it is inevitable that, in conducting a business with the utmost care, errors will occur, and investigations are always in order to prevent and discover them.

A similar examination might be daily conducted of the receiving teller's cash. By counting the amount in the morning and the first set of depositors' tickets above mentioned, and his cash at the close of the day, it would seem to be impossible for him to commit fraud, except through collusion.

Another precaution that may be mentioned in this connection is that of keeping the largest possible amount of money under double lock and key, so that conjoint action will be necessary to get it. Some banks keep their reserve in this way, but why not extend the precaution further? Each bank, of course, must determine for itself how far it can go in this direction. Probably a little thought bestowed on this matter would be quite enough to show the practicability of diminishing very largely the amount of ready money in the absolute possession of the receiving or paying teller. Why would it not be practicable, whenever a given sum was received,

say, \$15,000, \$20,000, or \$25,000 or more, to have it counted, and, perhaps, recounted by another, and labeled, and put away under double lock and key, and on the other hand, of giving to the paying teller a comparatively small sum from time to time as the occasion required.

Two purposes would be accomplished by such management of the money deposits. In the first place, the portion put away in the vault would be doubly secured; and, in the second place, as the portions in the possession of the receiving and paying tellers would be lessened, they could be more easily counted, and thus facilitate the work of comparison with their daily proofs.

In this connection may be mentioned the keeping of securities, bonds, stocks, etc., of which many banks hold large quantities, either as owners or as collateral for loans. It is easy enough to contrive endless records for their safe-keeping. The burden and danger, however, finally center on the person with whom they are entrusted. What checks can be devised to prevent him in an evil hour from making a wrongful use of them? From inquiries made of some great banking-houses, this is the most serious part of their business. Among other precautions, the use of the double lock and key is worth mentioning. Sometimes the risk is divided by depositing the securities in several places; when they are not to be often changed or renewed they might be put under triple lock and key, thus further diminishing the risk of loss. May not other and much better protection be created by invoking the power of the State to enact and enforce laws prohibiting the circulation of wrongfully-taken securities? Suppose, for example, that convenient places were established by law where all the stocks and bonds of railroads and other companies might be registered, and which, after registration, should be declared non-transferable except by the owner, and if fraudulently transferred without his knowledge, could be recovered, even if in the possession of an innocent holder; would not a regulation of this kind make every purchaser careful, and render negotiation by a fraudulent holder difficult? Effective regulations have been made for the registration of Government bonds. In our judgment the system might be greatly extended without inconveniencing the parties wishing to buy or sell or pledge them. To a considerable extent, pledgees have the contracts, whereby securities are assigned to them, fully written out, and, of course, in such cases, fraudulent negotiation is effectually prevented. The more generally this practice is observed the better. From an early period the courts and legislatures have been alert in protecting the parties to bills of exchange, promissory notes, and similar instruments, against loss through fraud or otherwise; enormous quantities of securities exist in the country, and the holders and pledgers have been singularly remiss in protecting them from fraudulent circulation. Why could not statutes

be enacted, making the purchasers of stolen securities, in some cases, at least, participants in the crime? Perhaps statutes could not be enacted broad enough to cover all cases. But they certainly could cover the employees of all banking institutions and depositories. Let us put this idea in a more concrete form. Suppose the law required every purchaser of bonds, stocks, certificates, or written or printed securities of any kind, to inquire of the seller his residence and business or occupation, and if the purchaser should know or believe that the seller was an employee (or the confederate of one) in a corporate or private bank or banking-house, trust company, depository or Savings bank, that the seller must show his authority in writing, under seal, to sell the same. And suppose, when such an employee should offer to sell securities of the nature described, the statutes should declare that the purchaser was presumed to know the business of the seller, thus requiring the purchaser to prove that he did not know or believe the seller to be an employee (or confederate of one) of a banking concern. If such statutes were enacted, making the buyer criminally as well as civilly liable, they would not, we believe, prevent the honest negotiation of securities, but would lessen their wrongful negotiation.

We confidently believe that if the subject were considered in a comprehensive and thorough manner, a system of protection could be devised that would commend itself to legislative bodies, and, through them, be transformed into law. We know of no body of men more fit to undertake the work than this association.

Having briefly covered a part of our subject, we shall proceed to inquire what guards, if any, can be erected to prevent defrauding by the higher officers. Some persons maintain that none can be; that with them the risk must be taken; that character alone is the only guard on which stockholders and depositors can rely. But why cannot an auditor or examiner be appointed by a bank, or by several of them, who shall examine carefully and constantly into the transactions of the institutions included in his appointment? This is the English method of guarding against fraud and error. Several years ago one of the largest banking-houses in our country, having been defrauded by an employee, concluded, after a thorough consideration of their mode of doing business, that the most effective check against fraud and error would be a constant examination of their business by a person in whose character and ability they had complete confidence. He was called an auditor, and given a good salary. After a long trial his work is regarded with much satisfaction. Occasionally, he discovers an error, and at all times there is a feeling of security attending his supervision, which amply justifies the expense. Of course, it is as practicable for banks to have an auditor or examiner of this kind as for that banking-house. It is a question of adding to the expense, for the purpose of increasing the

security; and many of the larger banks especially could well afford to incur it. Several of them might unite in employing one. In the country a much larger number might unite—perhaps ten, twenty, or thirty banks, and, by thus uniting, the expense would be small.

They are, perhaps, more needed in country banks than in the larger city banks, for the reason that in the former class, which have fewer officials, fraud can be more easily perpetrated. When a bank has a cashier, and only one or two assistants, whose president is a nominal officer, and whose board of directors do not actually participate in the direction, it is not difficult for the cashier to perpetrate a fraud, if he be so inclined. In the earlier days of the National banking system, there was no little opposition to public examinations; happily, this feeling has quite died away. It may be that banks yet opposed to them would favor private examinations.

In this connection another thought may be thrown out, namely, that the examiner might be appointed by the stockholders from year to year, and, consequently, act quite independently of the board of directors and officers, and so, very properly, serve as a check on them. It must be remembered that his duties would consist simply in examining and reporting; he would have nothing whatever to do with the management. If such persons were appointed generally, the absence of such a man in a bank would be a notice to the world that it did not wish to do business with the care and circumspection exercised by similar institutions. The appointment of this official, therefore, might well be by the stockholders, thereby making him independent of the president, cashier, and directors, and granting to him such power to examine and report to the stockholders as they should deem expedient.

It may be objected that private examiners would imperfectly perform their duties, and sometimes serve as a blind for wrong-doing instead of preventing it. "Can any better service be expected of them," remarks the objector, "than is now rendered by the National bank examiners, and is not that imperfect?" No time need be wasted in explaining to you the difficulties in their way. You well know they are required to examine too many banks to do their work thoroughly, however competent they may be. This is the chief difficulty in the way of adequate National bank examinations. If, however, they were conducted by order of the stockholders, the work of the examiners could be so narrowed as to ensure the highest degree of efficiency.

After devising the best possible machinery, can perfect security be obtained against fraud? Certainly not. The system of checks may be so perfect that one, or two, or three wrong-minded officials cannot perpetrate them, but, if enough combine, they can. The element of trust cannot be wholly eliminated, and, wherever it is

placed, fraud is possible. Therefore, after establishing all the guards which are likely to prove effective, honest men must be employed. It is useless to attempt to make or keep men honest through the magic of machinery. This may, indeed, prevent a dishonest man from accomplishing his evil purposes, but cannot change them. How, then, can a bank secure honest officials? Darwin's process of natural selection throws no light on our inquiry. With some brief thoughts on three of the many sides of this inquiry, we shall conclude our paper.

One of the most common evils to which bank officials succumb is speculation. Concerning the prevalence and consequences of it, nothing need be said here. We all know that by far the greater number of bank defalcations issue from this poisonous spring. Possibly it may be said that such defaulters were fated, and if they had not wrecked themselves and, generally, others, too, by speculating, they would have done so in another way. We shall not push the inquiry so far. The clearly-exposed fact is lying before every eye, that speculation of the kind with which we are most familiar, is the most frequent cause of defalcations. The practical question to be considered is: How shall officials be treated who engage in speculation? The other day I asked a highly successful banker the question: "If you found out that one of your clerks was speculating, what would you do with him?" He replied: "I would discharge him instantly." Perhaps you imagine that this banker knew all about speculating, yet it ought to be said that I am quite sure that he does not speculate. Probably there are bank officers who would not employ speculating clerks, yet who speculate themselves. In such cases, they would answer that, having more means, their operations are less hazardous to themselves, and, consequently, their business can be conducted with a cooler head, and without anxiety. Nevertheless, we must face three disturbing series of facts: First, the defalcations of prominent officials possessing wealth, cool heads, and sagacity; secondly, a long and nearly unbroken line of decisions by the courts, declaring the business to be gambling, and contracts of this nature illegal and not enforceable at law;\* and, thirdly, no bank whose officers are known as speculators enjoys the high credit, especially in times of financial distrust and

\* It is well settled that when the parties to an executory contract for the sale of property intend that there shall be no delivery thereof, but that the transaction shall be settled by the payment of the difference between the contract price and the market price of the commodity at the time fixed, the contract is void. *First National Bank v. Oskaloosa Packing Co.*, *Albany Law Journal*, Aug. 2, 1885, p. 118; *Gregory v. Wattowa*, 38 Iowa 711; *Murray v. Ocheltree*, 59 Iowa 439; *Pixley v. Boynton*, 79 Ill. 353; *Logan v. Musick*, 81 Ill. 415; *Corbett v. Underwood*, 83 Ill. 324; *Bigelow v. Bendedict*, 70 New York 202; *Irwin v. Williar*, 110 U. S. 499; *Thompson v. Cummings*, 68 Ga. 125; *Barnard v. Backhaus*, 52 Wis. 593; *Flagg v. Baldwin*, 38 New Jersey Eq. 219; *Cobb v. Prell*, U. S. Cir. Ct. 38 *Bank. Mag.* 622; *Melchert v. Am. Un. Tel. Co.* 11 Fed. Rep. 193; *Gregory v. Wendell*, 39 Mich. 337.

disaster, which is enjoyed by the banks whose officers do not speculate. These are the undeniable facts. What opinion ought to be entertained of an officer who pretty regularly attended horse races, and bet on the results? There was a bank defaulter of this type last year. And what opinion ought to be entertained of an officer in any place of trust who is engaged in a business which the law plainly declares to be gambling, and which so often leads to disastrous results? The speculator knows, when putting up his margins, that if he succeeds, some other person must necessarily lose; it is not a business in which both parties can gain, as in an ordinary exchange. In view of the clear, legally-defined nature of speculation, and of the disastrous consequences to which it constantly leads, cannot the banks, when seeking to render themselves more secure against fraud, post better sentinels than speculators at their gates?

An Englishman once remarked that twice he came near losing everything—once when he lost a lawsuit, and the other time was when he gained one. The story of speculation is very similar to the Englishman's legal experience. If one wins he tries again; and when the passion for speculation is fully developed, it rarely stops, save with bankruptcy and the grave. Some banks have a by-law declaring that no loans shall be made to their officers—this can, in effect, be easily evaded by procuring loans through friends. A watchful board of directors might prevent its defeat by making careful inquiry into the relations of applicants with the officers of the bank.

Another side of this inquiry at which we shall look for a moment is the relation between compensation to bank clerks especially, and frauds. Very often when a fraud has been discovered, the remark is made: "Oh! that clerk was poorly paid!" Are frauds to any extent the outgrowth of inadequate pay? Do the higher officials perpetrate them because their salaries are too small? What kind of honesty is that which is gauged by the rate of compensation? It belongs to a peculiar species, and which, if really existing, should be carefully noted. For, evidently, it must be of a dangerous nature, inasmuch as the employer can never tell when he is paying enough to keep the recipient over the safe line of honesty.

Some clerks, who are dissatisfied with the compensation they receive, would be in any case. It is erroneous, however, to suppose that dissatisfaction is confined to them. That is a universal and needful ingredient in human nature; the tonic of mankind, stimulating to new and higher endeavor. It does not follow that an increase of compensation would, or should, satisfy men, so long as higher places and greater influence and wealth can be rightly gained. Increase the compensation, and only the form or type of dissatisfaction would be changed. On the other hand, some clerks

do not think how much their superiors are dissatisfied with them, how imperfect is their work, how lacking in zeal and interest, and with what little regret their resignations would be accepted. They do not think how easy it would be to fill their places, and, perhaps, at lower salaries. There is a desire among banking employees, as among other classes, to wear better clothes and live in better houses than their incomes will justify them in doing. A person inflamed with such a desire is utterly destitute of the prime essential of a successful banker, namely, of making more than he spends. Moreover, we venture to remark that those having such a desire would probably suffer it to grow beyond any increase of salary, so that, whatever might be their compensation, their unsatisfied wants would in no wise be diminished.

While believing these things to be true, we would also add that if greater watchfulness were exercised over them, their lot might be improved, and their dissatisfaction and anxiety, in some cases, lessened or removed. If assistance were rendered in times of sickness or other unexpected adversity, they might feel more contented, and, perhaps, display a stronger interest and pleasure in their business. In many cases, too, banks could well afford to give more generous compensation, and might receive a yet more generous return, in the way of better service. Different practices prevail among banks in their treatment of employees, and the subject is well worthy of your considerate attention, for in it is bound up not only their greater contentment and prosperity, but also the exercise of their best ability and faithfulness.

The last side of this inquiry is the punishment of delinquents as a means for deterring others from wrong-doing. The criminal laws are executed so poorly, that no longer do they possess much restraining force. The chances for escape, either by running away, or by compounding the crime, are so great, that persons with an evil intent do not fear of feeling the power of the State. In truth our criminal laws are a kind of half-believed and faintly-enforced declaration of the popular will. Their terrors long ago disappeared. Did not Ward startle the country more than a year and a half ago, and yet we have not learned that the officers of the law are particularly unhappy over his situation. It is true that he is now receiving his callers at Ludlow street jail, instead of his former home, but, if the jail be less elegant, the difference is not great enough to deter others from doing as he did whenever a similar opportunity shall occur. It is true that Eno is having a better time at Quebec. And his immunity from punishment is a shocking illustration of the defectiveness of our treaty relations with Canada. There he lives, almost within sight of the scene of his crime, where he can look at his victims and mock at them, and yet live in security. The safety of the banks and other institutions of both countries impera-



tively requires that this awful disregard of justice should cease. The business and social relations of the two countries are so close, their mutual protection so desirable, that neither country ought any longer to be an asylum for the criminals of the other.

This remark is closely linked with our final one, which is, co-operation among the banks to protect each other from frauds of every kind. When an officer learns something of the conduct of an official in another bank, which he thinks the president, or directors, or stockholders would like to know, and would thank him for telling, should he not, in a fitting way and time, impart his information? And if all bank officers showed this mutually helpful spirit, their institutions would be more secure than they are now. And this spirit might properly have a wider outflow to the giving of such knowledge concerning the perpetration of frauds from the outside, as would protect banks from forgeries and other bad paper, the paying of questionable checks and the like. Strong as nearly all the banks are, they would yet be stronger if seeking to sustain each other in all right ways; while the business would become more human and agreeable when thus conducted under the kindlier light of mutual interest and protection.

In concluding, we shall return to the general remark expressed at the beginning. It is easy to multiply guards, but they are attended with expense or delay in transacting business. On the one hand, the competition among banks to attract depositors is so great, that quite generally they adopt the quickest and most agreeable methods of business; and on the other, to attract borrowers, securities assigned in blank are taken, and other risks of varying nature are assumed. In other words, in many cases banks voluntarily and knowingly assume risks in conducting their business in order to increase it, or to save expense. This is the short statement of the matter. They can erect other guards if they desire, but in so doing must probably add something to their expense, and sometimes exact more of their depositors. Whether they are always justified in assuming their risks, it is not for me to determine. In a general way it may be said, if the banks resolved more unitedly to strengthen themselves against wrong-doing, they would conserve their own and their customers' interests, and exercise a stronger restraining influence on those who, living on sandy foundations, are in danger of slipping away, and of burying others beneath their own ruin.

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## THE SILVER QUESTION.

At the last convention of the American Bankers' Association, the following paper on the "Silver Question," written by Mr. George G. Williams, President of the Chemical National Bank of New York, was presented. His suggestions are worthy the thoughtful consideration of our readers:

In sight of calamities which we know will follow the continued coinage of the standard dollars, the duty seems clear, as opportunity offers, to sound aloud the note of warning and throw out the signal light of danger. Who so conscious of these evils as a company of bankers; upon whom is the duty more imperative to make them known, and to whose warning voice is more heed likely to be given?

Two hundred millions of these dollars have been coined, and, by fiat of legal authority, made to circulate on a parity with gold, although worth fully forty millions less. The statute requiring their coinage is mandatory, and, as to time, unlimited. If unrepealed or not modified, the coinage must go on until the Government stock of gold is exhausted, and its reserve is in silver. And then this silver itself must be paid out for the purchase of bullion to be coined into more dollars, and so on, *ad infinitum*. Their volume is now so great that we near a point when the better metal will refuse an equality so unjust, and will cease to circulate as money, and return to the hoarded homes of its owners. The disturbances sure to result from a process like this would be certain and extreme. Those of us who have learned from the experiences of the panics of '57 and since, may well stand aghast before the fiercer fires sure to follow forced contracting like this. If our legislators, by delay or disagreement, permit a crisis like this to come, and the pressure for money is as great as we have a right to expect, I can see no better way than for banks to discount notes and make loans payable in gold, and thereby give confidence to depositors, and check the severity of the drain of gold. These apprehended evils will attend a change from a gold to silver basis—it will not be expansion at the start, as many have supposed, but the severest kind of contraction; after the storm attending the change is over, and the gold of the country has been exchanged for silver, and the latter has come in in quantities sufficient to take its place, and prices have adjusted themselves to the new condition of affairs, then it will be expansion, or, rather, the country will be reduced to a lower level than other commercial nations, and subject to all the disadvantages inherent in such a state. Quotations in Europe would be in gold—ours in a metal of a quotable value, more variable than the commodities it would measure; all the assets of our Savings banks and life insurance companies would become reduced to the new basis, entailing a loss of hundreds of millions upon the middling and poorer classes.

Are not these calamities which we may well dread, and which we should do all in our power to avert? To whom can we look for relief but to that august body whose power over our currency, as interpreted by the Supreme Court, is well nigh as absolute as that of the most despot monarch who ever swayed a scepter? Shall we not respectfully

but firmly ask our Congress that such dangerous legislation as the coinage of '78 be at once repealed?

Have we, however, no further use for silver in our monetary system? The writer thinks we have, if surrounded by proper safeguards. As for the standard dollar law, it has been a mistake from the start, and a costly one at that, and is productive only of mischief, and the more the longer it is continued. Silver has constituted from the earliest ages, and still constitutes, the circulating medium of the largest numbers of the human family; but it has depreciated in value, and this depreciation must be recognized by law. It will not answer for the advocates of silver to tell us that it is gold which has increased in value, for, in the long run it is the cost of production which governs the value of both metals, and it so happens that of late years the silver mines have been most productive, and consequently that ore is produced cheaper and in quantities greater than those of gold; but even granting that it is gold which has increased in value, there should be but one legal tender, and hence one standard of value, the same as that there should be but one yard-stick for measuring cloth, and, however much the silver men may taunt us about the "yard-stick" theory, it is one which it would seem the taunt is their only way of answering. Another point urged in favor of silver is that of the one hundred millions of gold annually produced throughout the world, 70 millions are consumed in the arts, while the requirements of silver for the same purpose are vastly less, and that in consequence the amount of gold applicable to coinage is not equal to the constantly increasing demands of business. I am disposed to give some weight to this argument, although the increased use of checks, and the great augmentation of paper money, make requisite a vastly less amount of the precious metals.

But the great difficulty in circulating silver abreast of gold is its ever varying value. Could an international ratio be established, this difficulty would vanish, but such an international adjustment is evidently, for the present, quite out of the question. What, then, can be done by this nation individually? This directs attention at once to silver certificates, based on silver bullion. It is quite evident that our people will not tolerate the silver dollars themselves; they are too bulky, and in this manifest their inferiority to gold. In the form of certificates, however, the people will take them, if they can be made and maintained at an equal value to gold. In what way can this be done? It will not answer to open the floodgates and let the silver of the world be poured in upon us; hence, the quantity must be limited to an amount annually; nor will it answer to receive it at the average price of the London market—this would keep from export our surplus production—nor would it answer to receive it for an unlimited time. This would give us too much currency, but if an amount, say, equal to the annual coinage of the standard dollars (\$24,000,000), was annually received at the price at our own mines (or say at Denver), to be governed by the London quotations, less the cost of transportation hither, and the period of time at which it would be received was limited to five or seven years, and the certificates themselves made redeemable in a dollar's worth of silver or in gold, at the pleasure of the Government, they could enter into our circulation and not become a disturbing element in our currency. In this use of certificates it will be observed that the Government takes the risk of the rise or fall of silver. This seems but just and wise, as the amount is limited; for, if the Government lose, the people gain, and the Government having made from the people in the way of the use of the people's money without interest for the legal-tender notes, and also by the loss of such notes themselves, and also by the

loss of the fractional currency and National bank notes, it can well afford, for the sake of the stability of the circulating medium, to take this risk or possible chance of gain.

A further opening for the use of silver certificates could be made by the funding annually of a fixed amount of the legal-tender notes, but the discretion of this question is not the purpose of this paper, which is mainly to point out the evil consequences of the continued coinage of the standard dollars, the possible use with safety of silver certificates based on deposits of silver bullion.

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### INFORMATION CONCERNING BANK CREDITS.

The following article, which appeared in the *New York Journal of Commerce* not long ago, will interest bankers. Some changes have been made, to adapt it to the magazine. The subject is one of the gravest practical importance. A Louisville banker, in writing to that journal, says that "the necessity of a quick and reliable medium of information concerning the extent of expansion of credits has long been felt and acknowledged in this as in other communities whose population has grown to such extent that it is impossible to ascertain with certainty the range of a borrowing business or negotiations. And the calamities resulting from the unwise confidence of banks in persons of large credit, and their ignorance of the limit to which this credit has been stretched, has suggested a resort to a medium which can give this information and avert these disasters without violating any safe principle of banking, destroying the independent action of the bank, or disturbing its relations of confidence to its customers."

Experienced bankers in New York, while admitting the absolute necessity of any new method of protecting themselves, maintain that they have not been behind others in recognizing the desirability of concert among the banks for this purpose. Such concert is, however, believed to be impracticable. "We would be very glad to know," said one of them, "how much of John Smith's paper is out, but we don't want to tell how much of it *we* hold. And if Smith hears of our making inquiries he is likely to be offended, and some other bank may use the fact to get his account away from us. There is too much jealousy among the banks to permit any successful attempt to collect this information. Look at the long continued efforts that have been made to discontinue the payment of interest on deposits. They have all failed through jealous fear of each other on the part of banks, and what is more to the point, the very experiment now suggested has been tried here and speedily found a complete failure." He proceeded to describe an attempt which was made in New York a few years ago to induce the banks to exchange information regarding the standing of customers in point of credits. Less than a dozen banks could be induced even to try the experiment, and the small association for the purpose actually formed lasted hardly more than two weeks.

The Louisville correspondent above mentioned, described a plan whose operations reduced to the very lowest minimum the objections which bankers must entertain to the disclosure of the relations between themselves and their customers.

"After repeated efforts," he wrote, "through the Clearing-house Association of this city to unite that organization into a combined and entire association, having for its object the purposes and plans adopted

by this 'The Bankers' Credit Liability Association,' and failing in these efforts, because of the indisposition of a minority of the Clearing-house banks to enter into this proposed arrangement, fifteen of the banks of the Clearing-house (there being twenty-one in all) determined to associate outside and independent of the Clearing-house, and the result has been the establishment of this association."

The association commenced operations September 1, 1884, with Mr. George S. Allison as president, and Mr. Clinton McClarty as secretary. The report, read at the first annual meeting on August 4 and also at the meeting of the Bankers' Association in Chicago, says that "this association is, so far as we know, peculiar to this city, and in this respect can claim to be new and original. The method devised to carry into practical and successful effect the object of the association was simple and free from complexity, consisting of interrogatories and answers, on forms provided the members, which contained and conveyed the information sought, without detriment to the interest, or disclosure of the affairs of any bank, because the report exhibits an aggregate and not a detailed statement, and obviously therefore without disturbance to the confidential relations between the banks and their customers.

"The employment of the agencies of the association for the gratification of mere curiosity, or other improper motives, has been successfully prevented by the rule which positively denies and disallows an investigation or report to any member failing to state an interest in the party concerning whom an inquiry is made.

"The reports have been and are guarded with the greatest care, and every precaution used to preserve them from the observation of uninterested parties, or from their being used for any mischievous or improper purpose.

"The experience of the year, while it confirms the association in its prediction of the value and usefulness of its work, and has vindicated its belief that sound and conservative banking will be promoted by it, without jar or disturbance to the delicate relations of bank and customer, or the violations of any of the secret and confidential conditions implied in that relation, yet the peculiar and long-protracted depression in financial affairs (extending now for over twelve months), has so restricted the operations of banks in the matter of discounts, that the full measure of advantage that will flow from the methods of this association, may not have been manifested as fully as would have been, had conditions been different. However, the results have been satisfactory, and encourage the inaugurators of the association in the belief that its purposes are wise, and its plans adequate and safe. The association commenced its operations on the 1st day of September, 1884, and held its first annual meeting on the 4th day of August, 1885. During that period there have been 135 inquiries and 467 copies of the reports, responsive to the inquiries. Its expenses of every character, including cost of equipment, salaries, etc., has been \$674.20, which will be reduced hereafter."

The following forms exhibit the method in which the information is gathered and distributed. It will be observed that no one but the officers of the association itself, and no individual bank, is informed as to the customer's relation with any particular bank:

[Form No. 1.]

OFFICE OF \_\_\_\_\_ BANK \_\_\_\_\_, }  
LOUISVILLE, \_\_\_\_\_, 188—. }

*To the Secretary of the Bankers' Credit Liability Association :*

DEAR SIR—You will please ascertain for this bank the amount of paper held by the various banks against \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 188—.

Very respectfully,

\_\_\_\_\_,  
Cashier.

This bank holds against said \_\_\_\_\_ as follows :

Accommodation, exclusive of collateral.....	\$.....
Commercial.....	\$.....
Collateral.....	\$.....

Total .....	\$.....
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As indorser in addition to the above.....	\$.....
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This party is an applicant for a loan.

[Form No. 2.]

OFFICE OF  
THE BANKERS' CREDIT LIABILITY ASSOCIATION, }  
LOUISVILLE, \_\_\_\_\_, 188—. }

Cashier of \_\_\_\_\_ Bank of \_\_\_\_\_

DEAR SIR—You will please furnish this Association, on Form No. 3, the amount of paper held by you against \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 188—.

Very respectfully,

\_\_\_\_\_, Secretary.

[Form No. 3.]

OFFICE OF \_\_\_\_\_, BANK OF \_\_\_\_\_, }  
LOUISVILLE, Ky., \_\_\_\_\_, 188—. }

*To the Secretary of the Bankers' Credit Liability Association :*

DEAR SIR—In response to your inquiry on Form No. 2, of the \_\_\_\_\_ day of \_\_\_\_\_, 188—, I reply that this bank holds this day, the paper of \_\_\_\_\_, as follows, viz :

Accommodation, exclusive of collateral.....	\$.....
Commercial.....	\$.....
Collateral.....	\$.....
Total .....	\$.....

Total .....	\$.....
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As indorser in addition to the above.....	\$.....
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Respectfully,

Send me a copy of your report in this case.

\_\_\_\_\_, Cashier.

\_\_\_\_\_, Cashier.

[Form No. 4.]

OFFICE OF THE  
BANKERS' CREDIT LIABILITY ASSOCIATION, }  
LOUISVILLE, Ky., \_\_\_\_\_, 188—. }

Cashier of \_\_\_\_\_ Bank of \_\_\_\_\_

DEAR SIR—In answer to your inquiry on Form No. 1 of the \_\_\_\_\_ day of \_\_\_\_\_, 188—, relative to the amount of paper held by the various banks of this Association, on the \_\_\_\_\_ day of \_\_\_\_\_, 188—, against \_\_\_\_\_, I submit the following, viz.:

Accommodation, exclusive of collateral.....	\$.....
Commercial.....	\$.....
Collateral.....	\$.....

As indorser in addition to the above.....	\$.....
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Respectfully,

\_\_\_\_\_, Secretary.

## EDUCATION OF BANKERS.

At the Annual Convention of the American Bankers' Association, in 1884, it was resolved that an auxiliary membership, to be called associate members, shall be established, the qualifications of which shall be, first, services in any bank or banking establishment for a period of not less than five years; second, passing an examination upon such subjects as shall be prescribed by the Executive Council; and that a committee of three be appointed by the Chair to consider and perfect a plan for the practical application of the ideas contemplated in the foregoing resolution, and to report the same, when perfected, to the Executive Council. At the Chicago Convention the committee reported on the subject, and recommended that the minimum length of service necessary to qualify a candidate for admission be *ten* years instead of five, as a service of at least the longer period was essential to the thorough acquirement of the practical details of the profession; and, while they assumed that it was the intention of the Association to offer the proposed memberships as an incentive to all classes of bank clerks, only the more advanced clerks would reap the immediate benefits.

Passing to the second qualification prescribed by the resolutions, the Committee recommended that the examination be held upon the following subjects, viz.:

Arithmetic, bookkeeping, commercial law, practical banking, political economy, and that the following regulations should be observed in the conduct of such examinations:

Examinations shall be held in the month of..... in each year, at such places as will afford the greatest convenience to the greatest number of candidates, and as far as practicable at the various places simultaneously.

The expense of the examinations shall be borne by the candidates, and candidates must notify the Secretary at least thirty days before the date set for the examination, of their intention to present themselves for examination, and at the same time shall forward an examination fee, which shall be fixed by the Council, and which shall not be returned in the event of withdrawal or failure to pass.

Examinations shall be conducted by means of written or printed papers, and shall be under the superintendence of one or more bankers, and such other competent person or persons as may be appointed by the Council.

A certain minimum of marks shall be required to enable a candidate to pass; but any candidate who may fail to pass in one or more subjects may present himself for re-examination at any subsequent regular examination, but shall be required to pay an additional fee.

Every successful candidate shall be entitled to a certificate of Associate Membership, signed by the President and Secretary; and a list of such Associate Members, together with the names of the banks or banking establishments with which they are connected shall be kept by the Secretary, and shall be published in the regular annual report of the Association.

Associate Members shall have all the privileges of the Association, with the exception of a vote upon questions involving the expenditure of money, and shall not be required to pay any dues.

The scope of the proposed examinations were indicated by the following abstract of the subjects :

#### ARITHMETIC.

Vulgar and decimal fractions, simple and compound interest, averages—discounts, percentages, exchanges—repayment of bonds, annuities, arbitration of exchanges.

#### BOOK-KEEPING.

Definitions, general principles, illustrations of individual, foreign and general books, illustration of commercial books, single and double entry.

#### COMMERCIAL LAW.

Principles, especially as applied to banking, law of bills of exchange, checks and other negotiable instruments, indorsement, guaranty, national banking law.

#### PRACTICAL BANKING.

History and principles of banking, description of different systems, nature and functions of banking, definition of banking terms, city and country banks—how conducted, reserves—investments, advances, discounts—exchanges, illustrations of tellers' and bookkeepers' departments.

#### POLITICAL ECONOMY.

Definitions of political economy, definitions of wealth, production and distribution of wealth, division of labor, fixed and floating capital, definition of value, functions of money, principles of money and currency, credit—foreign exchanges.

The Committee suggested a number of books for perusal by the candidates, yet did not deem it essential that their recommendations in this particular should be followed, but that the examinations should embrace at least, so much of the subjects as are outlined in the preceding abstracts, and that any clearly expressed knowledge of those subjects should be sufficient, without reference to the source of such knowledge.

In reference to the time for holding examinations, the Committee believed it best that the Council should fix a convenient date before the regular Annual Meetings.

In furtherance of the foregoing plan, the Committee recommended that the Secretary should be instructed to prepare a prospectus for distribution among the members of the Association and others. From the number of inquiries addressed to the Committee and to the Secretary, asking for information in regard to the proposed Associated Membership, it is evident that there is a wide-spread interest in the undertaking, and that there are many who appear desirous of availing themselves of whatever benefits may appertain to it.

While not entirely within the letter of their instructions, the Committee felt justified in offering a further recommendation, because of its pertinence to the subject in hand, that the Association should encourage the formation of local associations in the large cities, and in the different States. It was not difficult to believe that the Parent Association would be greatly strengthened, and its usefulness largely increased, by the added interest which would grow up with these local associations, each of which would be a promoter of more intimate relations between the members, and a medium for the dissemination of sounder and more accurate knowledge. The report was signed by J. J. P. Odell and W. H. Camp. Elsewhere we have considered the subject.



## HOW BANKS ARE SWINDLED.

"Banks are constantly being imposed upon," said the cashier of one of the largest National banks in this city the other day, "and the public knows nothing about it. Why, if I were to tell you that the son of one of the largest dry goods merchants in New York had presented two forged checks to this bank within the past month, got money on both and escaped arrest and publicity, you would hardly believe it; but it is so. His father made good the amount. Almost every week some one manages to defraud us some way, and it is only once in six months we ever report the case to the authorities. In the first place, it hurts a bank's reputation to get caught too often; but the principal reason for our silence is, it wouldn't pay us to complain. In nearly every case, the culprit is a friend or relative of some influential customer. That is the way he manages to secure his credit, and the customer nearly always 'talks turkey' when we go to him about the matter.

"Use as much precaution as we can, we have to trust some people. Of course we can, as a rule, protect ourselves against professional sharpers and strangers by requiring identification, but there is no way of preventing our customers from defrauding us by a too-close scrutiny of their checks. That might drive away good business, and we have to take our chances as to the paper being all right.

"Some years ago," continued the cashier, "I was the paying teller of a bank in a large Western city. Among our customers was a wholesale merchant named Henderson, who did a very large business with our bank. He was in the habit of drawing large sums to meet his bills, which were heavy, and all these passed through my hands. Among Mr. Henderson's business associates was a man named Hirtz, who had lately come to that city from the East. He was a commission broker, and sold Mr. Henderson a great many goods, for which he received Mr. Henderson's check on our bank. One day Mr. Hirtz brought to the bank a check for \$15,000. It was the largest check he had ever presented. I hesitated a moment about paying it. I examined the writing carefully. It was evidently Mr. Henderson's signature, and there was no question about the bearer being Mr. Hirtz. I asked the bookkeeper how much money Mr. Henderson had to his credit. He had \$18,000. So I paid it. Mr. Hirtz took thirty \$500 bills, and left the building with the money carefully concealed in his inside vest pocket. This was on Saturday, just before the bank closed. Monday afternoon Mr. Henderson sent a check for \$6,000 to the bank. I sent back word that his account was not large enough to cover that amount. In a few minutes Mr. Henderson appeared at the bank himself. He was evidently very angry.

"What do you mean," said he, "by sending such word to me?"

"I mean," said I, "that you only have \$3,000 to your credit."

"That is not so," said he; "I have \$18,000 here, and if these figures are not correct I shall make this bank some trouble."

"You did have \$18,000 last Saturday, but Mr. Hirtz drew out \$15,000."

"Mr. Hirtz did nothing of the sort," interrupted the merchant hotly. "Mr. Hirtz did not draw one cent on Saturday."

"Is this your writing?" I asked, producing the check Mr. Hirtz had given to me.

"Mr. Henderson was amazed as I laid down the paper before him.

"That certainly does look like my check," he said. "It certainly does. But it is a forgery."

"Now it was my turn to be amazed. If I had paid a forged check of that size, I could count my chances of holding my position with a cipher. We took the check to the cashier and examined it together, and then we compared it with his other signatures. It was so nearly like them that we could hardly tell them apart. The only difference was that it was not written in the ink Mr. Henderson usually wrote with. We sent down to Mr. Hirtz's office, but it was closed, and his clerk did not know where he had gone, but believed he had left for New York. He had made his escape. This strengthened Mr. Henderson's statement, and, after a few days, we made good the amount, and my resignation was demanded. I told our President that I thought there was some mystery about the matter, and I had the check lithographed for my own use. A month later Mr. Henderson surprised the business community by failing, and, after the settlement with his creditors, he came out a bankrupt. I determined to ferret out the mystery, and for a considerable time I searched the country for any news of Mr. Hirtz, but all to no avail. Finally, I came to New York, and secured employment in the bank where I am now.

"About a year ago, while I was sitting in my private office, I was surprised to see Mr. Hirtz. I recognized him before he did me.

"How do you do, Mr. Hirtz?" I said.

"The man blushed, stammered, and finally, recognizing me, turned and tried to escape, but I caught him by the coat collar, and held him fast. He made no struggle, but sat down.

"What are you going to do?" he asked.

"Have you sent to the penitentiary?"

"If you will let me go I will confess the whole thing."

"What good will that do me?"

"You won't help justice any by convicting me," he replied. "I didn't forge that check."

"Who did, then?"

"Mr. Henderson."

"Mr. Henderson?"

"Yes. I was a poor broker in that town when I first met Henderson. He gave me a good many orders, and finally asked me how I would like to make \$1,000. I told him I would like it.

"All right," said he. "You present my check for \$15,000 at the bank, draw the money, bring it to me, and I will give you \$1,000. Then you go to Europe for six months. There will be no trouble, no worry, no risk, and you will be \$1,000 better off."

"I did as he suggested, gave him the money, and left that night."

"What did you do with the man?" we asked.

"Nothing. He had papers in his pocket which proved that he had told the truth. Mr. Henderson was dead, and Hirtz was a bankrupt, and, as he really didn't mean to do wrong, I let him go. Henderson had beaten the bank out of that much money, just like robbing it. I have no doubt other similar crimes have been committed, but I never heard of them."—*New York Sun*.

## INDIA WHEAT AND AMERICAN COMPETITION.

The St. Paul *Pioneer-Press* publishes a careful and exhaustive study of the conditions of wheat raising in India, with especial reference to the effect of competition from that source upon the future of the American farmer, by a gentleman resident at a Government station in India, supplied with every facility for obtaining complete and accurate information. "The subject is an immense and difficult one. Even the highest English authorities have hitherto been unable to figure accurately the cost of production in their great dependency, its ultimate capacity for wheat raising, and the average cost of transportation. From voluminous reports on this subject in the year 1884, we have been able to gather very little that is of practical value." The information furnished to the *Pioneer-Press* is not only the latest, but the most detailed and reliable yet given to the public. We are concerned chiefly with the statistics from which alone we can draw any inferences as to probable danger to the United States from this quarter. It is understood by all that the soil and climate of India are favorable, destructive storms and droughts excepted, to the culture of cereals. A rich alluvial formation supplies abundant nutriment and makes profitable the rude methods of cultivation still followed by a people of primitive habits. The total wheat acreage for the present season is put at over 27,600,000 acres. This is more than half of the estimated total area available for wheat culture in all the provinces. The increase over last season is more than 111,000 acres. The total yield of the last crop was nearly 260,000,000 bushels. *This is a little more than one-half of the largest crop ever produced in the United States; and, yielded by a country where other cereals form the staples of consumption, it represents a factor of tremendous importance in the foreign market.* The export of wheat has increased steadily and enormously. In 1879-80 it was but 109,000 tons. That figure was more than multiplied by three the next season, and that product almost trebled in the following. In 1883-84 the export reached 1,047,824 tons, and this year it is roughly estimated at 1,500,000 tons, or about 50,000,000 bushels. The great bulk of it went to those countries which have been the chief customers of the United States, England taking regularly about one-half the whole amount. If the ratio of increased production and export be maintained, it would not be many years before the demand of England would be principally supplied from her Indian Empire, while other European countries would find their deficits replenished from the same source. This is the reality of Indian competition.

"The next consideration, of course, is the terms of that competition. How do cost of production and cost of transportation to the world's market compare between India and America? As to cost of production, the inequality is less than is commonly supposed. It is the general impression that, since India is practically tilled by slave labor, since the natives live on the coarsest food, wear the scantiest clothing, are the subjects of an arbitrary government, and are content with five cents as the wages of a day's labor, that it costs but a few cents there to produce a bushel of wheat. This is always an error. The conditions of ignorance and serfage are never, in the end, the conditions of cheapest production. The Indian farmer pays to the Government a tax on his land per acre two or three times as great as the first cost of land offered to

the settler by the United States Government. His little farm must be manured and irrigated, the latter a large and indispensable item. The estimate made for a wheat crop is a cost of \$10.62 per acre, where an average yield is 17 bushels. This gives the cost of production a little more than sixty cents per bushel, which is certainly as much as the cost of production on small farms in the Northwest, probably a little more. This is certainly exceptional. On the average, cost of production in the United States is from 50 to 100 per cent. per bushel greater than in India. The American farmer will not be satisfied with the insignificant margin of profit allowed to his far-away competitor, and the profits of middle-men, together with the great distances to be traveled to the primary markets, add new items of expense. So that a bushel of wheat at Chicago represents at least 50 per cent. more of value than a bushel at Delhi. Next, as to getting it to the consumer's market. The British Government has constructed an immense railroad system in India. But it did this not for sweet charity's sake, but for tangible profits. Hence, Indian railway freights are as high as American, while the cost of the long ocean voyage is nearly three times that of transportation across the Atlantic. Summing all these figures and reducing results to terms of American weight and value, the estimate of the writer is that a bushel of Indian wheat can be sold in London for 97 cents, where the cost of a bushel from the United States would be about \$1.21. Considering the capacity of India, as already noted, and her annually increasing rank as an exporter, this is a real competition, and one which we could not meet on equal terms. American farmers cannot, under existing conditions, raise wheat to be sold at \$1 per bushel in the English market.

"At least, three lines of escape present themselves from a competition so ruinous, and one which has been rapidly growing upon the comprehension of this country. First of all, we must have cheaper transportation. The lake and Erie canal route we have. But the wheat-grower of the Northwest will gain an immense advantage with the improvement of the great water route which is to be to him a thing of inestimable value, and by a recognition of its place in the transportation routes of the future. This is our first and obvious resource. In the second place, the contest between Indian and American wheat for control of the market is not an even one. As an ingredient in flour making, the hard varieties of American wheat cannot be dispensed with. A considerable proportion of American wheat is absolutely necessary to make such flour as the world demands. Indian wheat cannot stand alone upon its own merits. It can no more drive American out of the market than a large yield of No. 2 in this country could destroy the demand for No. 1. Up to a certain point it intensifies it. There will always be a market and an effective demand for the better qualities of the American grain.

"In conclusion, it should be remembered that the United States is destined to slowly recede from her position as the feeder of the world. Before foreign competition can become a destructive force, our internal development will probably have carried us entirely beyond its reach. The center of wheat cultures recedes with the growth and diversification of industry. Half a century ago New York and Pennsylvania were forcing New England to yield the palm in wheat raising. Later, the seat of its culture pushed to central West. Still later it moved to the Northwest. Stage by stage other industries came in to take its place. Absolutely the amount of land devoted to wheat and the annual yield has increased. Relatively, as compared with the total area under cultivation, it is destined to decline. In localities where competition now makes the raising of wheat profitless, other forms of agriculture are suc-

ceeding it. The change must continue and become more comprehensive. Meantime, as exclusive devotion to wheat raising declines, population increases, there are more mouths to be fed, and domestic demand gains upon foreign. It will not probably be the very distant future when the excess of production over consumption in the United States, as far as this grain is concerned, is so slight that the spook of foreign competition can bring no terror to our souls. All these natural forces and adjustments regulate themselves. It is true that India is yearly becoming more and more a leader in wheat production. The practical lesson for us is to prepare ourselves to meet that competition, in as far as it affects us now, with a serene confidence that it holds in it no threat of ruin for our future prosperity."

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## SUPREME JUDICIAL COURT FOR THE COMMON-WEALTH.

### *Santiago Innerarity v. Merchants' National Bank.*

The plaintiffs were the owners of a quantity of sugar which was shipped from Cuba to Boston, consigned to a firm of which B was a member, as agents for sale. B, who was a director in the defendant bank, procured from said bank a loan, pledging the sugar above mentioned as security for the same, although he had no authority from the plaintiffs so to do. In an action of trover for the conversion of the sugar, it was held that, even though B was present as a director of the bank when the loan was made and acted upon by the board of directors, still his knowledge of the plaintiff's title to the sugars, and of the fact that his firm had no right to pledge them, could not be imputed to the bank.

Devens, J.: This action is in tort for the conversion of 455 hogsheads of sugar, 444 of which had constituted a part of the cargo of a vessel called the *J. H. Lane*, and eleven of which had constituted a part of a cargo of another vessel called the *Unify*. The questions as to the latter lot will not require separate consideration if it shall be determined that, as to the larger lot, the plaintiffs are not entitled to maintain their action. The sugars shipped by the *J. H. Lane* were, by a bill of lading, consigned to Benjamin Burgess & Sons, and purported to be shipped by their order. Burgess & Sons had possession of the bill of lading, with authority to sell the sugars which were pledged by them to defendants, and the bill of lading thereof delivered for a loan of forty-three thousand dollars, as hereafter stated, which loan has not been repaid. The defendants had no actual notice or knowledge that said sugars were not the property of Burgess & Sons, or that they were in any respect the agents of other parties.

On the twenty-third day of March, 1883, B. F. Burgess, who was the senior member of the firm, and was also a director in the defendant bank, entered into an agreement with the president for a loan of forty-three thousand dollars on a pledge of the sugars. The president had authority, in the intervals of the meetings of the board of directors, to make such loans, which were afterwards usually, although not always, laid before the board at its usual meeting, and subjected to its approval.

On the twenty-sixth of March the directors had a meeting, and this, with other proposed loans, was laid before them and approved. At this meeting Burgess was present, but it did not appear what part he took thereat. The loan was made, to be secured by the bill of lading of the

sugars, which was indorsed to the bank, and the note of Burgess & Sons was given, of the date of March 23d, the day of the transaction with the president, but the proceeds were not carried to their credit until March 26th. This transfer by Burgess & Sons of the sugars was a fraud upon the defendants, but it is not contended that it in any way failed to carry a full title in pledge to the defendant bank, unless, under the circumstances, it is to be charged with the knowledge of Burgess. The plaintiffs requested the presiding judge to rule that, if Burgess was present as a director when said loan was acted upon by the board of directors, his knowledge of the plaintiff's title to the sugars, and that the firm of Burgess & Sons had no right to pledge them, was the knowledge of the defendant bank. This ruling was refused by the presiding judge, who found for the defendants.

While the knowledge of an agent is ordinarily to be imputed to the principal, it would appear now well established that there is an exception to the construction or imputation of notice from the agent to the principal, in case of such conduct by the agent as raises a conclusion presumptive that he would not communicate the fact in controversy, as when the communication of such a fact would necessarily prevent the consummation of a fraudulent scheme the agent was engaged in perpetrating: *Kennedy v. Green*, 3 Myl. & K. 699; *Cave v. Cave*, L. R. 15 Ch. D. 639; *In re European Bk.* L. R. 5 Ch. App. 358; *In re Marseilles* Ext. R. Co. 7 Ch. Ap. 161; *Atlantic Nat. Bk. v. Harris*, 118 Mass. 147; *Loring v. Brodie*, 135 Mass. 453.

One of the most recent cases on this point is *Dillaway v. Butler*, 135 Mass. A, to whom B was indebted, advised C to lend money to B, on the security of a mortgage of personal property, and acted as C's agent in completing the transaction. With the money thus obtained B paid A the debt he owed him. Both A and B acted in fraud of C (S. Ch. 118, § 89-91), but C had no knowledge of the fraud. *Held*, that the knowledge of A was not in law imputable to C, although A had acted for C in the negotiation.

But the question in the case at bar is not so much what are the responsibilities of a principal for an agent as whether Burgess can be considered in any proper sense as an agent for the defendant bank in the transaction of the loan, even if directors are ordinarily to be treated as such. The plaintiffs seek to impute to the corporation knowledge of a fraud, because in a contract made avowedly, not for it, but for himself, and necessarily acting adversely to its interests, a director was aware that he was committing a fraud. This, in effect, is to say that there can be no transaction between a bank and one of its directors, in which, so far as the transfer of property is concerned, the bank can be protected, if there is fraud on the part of the director; and that the bank can never discount paper on which one of its directors is a party, and retain the position of an innocent indorsee for value under the law merchant. A bank or other corporation can act only through agents; and it is generally true that if a director who has knowledge of the fraud or illegality of the transaction, acts for the bank, as in discounting a note, his act is that of the bank which is affected by his knowledge: *Nat. Sec. Bk. v. Cushman*, 121 Mass. 490. But this principle can have no application when the director of the bank is the party himself contracting with it; in such case the position he assumes conflicts entirely with the idea that he represents the interests of the bank.

To hold otherwise might sanction gross frauds by imputing to a bank a knowledge which those properly representing it could not have possessed. Whether Burgess acted or not at the meeting of the directors in the matter of the loan, he could not lawfully have done so as the rep-

representative of the bank. His individual interest was distinctly antagonistic, and the question before the board related to its approval of a provisional transaction between himself and the bank president, in which he was the proposed borrower and the bank was to be the lender. A director offering a note, of which he is the owner, for discount, or proposing for a loan of money on collateral security alleged to be his own property, stands as a stranger to it. "That a joint stock bank," says, in substance, Sir William James, "should have imputed to it the knowledge which the director has of his own private affairs, is a most unreasonable proposition." *In re Marseilles v. Credit Foncier*, L. R. 7 Ch. App. The relation which a director, who is himself acting for another in a negotiation with a bank, occupies toward it, was considered in *Washington Bank v. Lewis*, 22 Pick. 22, where it was argued that although he was not the agent of the bank, yet his knowledge of facts showing the note to be invalid was that of the bank. "Whatever a director or other agent of the bank," says the court, "may do within the scope of his authority, would bind the bank so as to make it responsible to the person dealt with. But in the present case Thompson was the party applying for the discount, and was not acting as director, nor could he with any propriety so act. He was the party with whom the bank contracted in discounting the note, and to whom the money was paid."

The proposition that a director of a corporation acting avowedly for himself or on behalf of another, with whom he is interested in any transaction, cannot be treated as the agent of the corporation therein is well sustained by authority: *Stratton v. Allen*, 16 N. J. Eq. (1 C. E. Green), 229; *Barnes v. Trenton Gas Light Co.*, 27 N. J. Eq. (12 C. E. Green), 33; *Bank of Highstown v. Christopher*, 40 N. J. Law (11 Vroom), 435; *Winchester v. Baltimore and Sus. R. R. Co.* 4 Md., 231; *Wickersham v. Chicago Zinc Co.*, 18 Kan. 481; *Seneca Co. Bank v. Wears*, 5 Denio, 330-337; *Bank v. Harrison*, 10 Fed. Rep., 251; *in re Marseilles v. Credit Foncier*, L. R. 7 Ch. App. 170; *in re European Bk. ubi supra*; *Stevenson v. Bay City*, 26 Mich. 44. In some of these cases weight appears to be given to the fact that the director was not actually present at the meeting when the transaction was concluded, but this cannot be of importance. If it were shown that Burgess urged the loan upon the board of directors and actually voted in favor of it, his associates not seeing fit to intervene or object to his conduct, he would still have acted on his own behalf, and those whose interests and efforts were of necessity adverse to those of the corporation. To assume that under such circumstances the facts he knew were communicated to the directors, and that he laid before them the fraud he was committing in wrongfully pledging property, would be a presumption too violent for belief, and would do great injustice to the remaining directors and the interests they represented.

While the current of authority is in favor of the conclusion we have reached, two cases are much relied on by the plaintiffs, which were not overlooked in the opinion delivered in several of the cases cited above, and which have not there commanded approval. These are *Bank of U. S. v. Davis*, 2 Hill, 451, and *Union Bk. v. Campbell*, 4 Humphrey, 394. In each of these cases it was held that the knowledge of a director of what was held to invalidate a contract was to be imputed to the bank. In neither of these cases was the director whose knowledge was imputed to the bank the adverse contracting party, which would, perhaps, distinguish them sufficiently from the case at bar. But in each of them the director acted for the party contracting with the bank, and thus secured for himself important advantage; and we are not prepared to

assent to the proposition that a director thus acting is competent to affect, with his knowledge of fraud, the bank whose director he is. His interests and conduct are adverse it, and his position forbids that he should be trusted as its representative.

Exceptions overruled.

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## SUPREME COURT OF VERMONT.

### *Dewey v. St. Albans Trust Co.*

#### LIABILITY OF STOCKHOLDERS OF INSOLVENT CORPORATION.

The charter of the St. Albans Trust Company provided: "If at any time the capital stock paid into said corporation shall be impaired by losses or otherwise, the directors shall forthwith repair the same by assessment." The trust company being insolvent and under the control of a receiver—

*Held*, that a personal liability is not imposed upon the stockholders, and that they cannot be assessed for the purpose of paying the creditors; and that the purpose of said provision was rather to prevent the continuance of business with impaired capital.\*

Rowell, J.: This is a petition in said cause by the receiver of said company, setting forth that debts to the amount of \$580,000 have been proved and allowed against said company, and a dividend of twenty per cent. ordered to be paid thereon, and that the same has been paid to the extent of the funds in his hands; that there is not enough property and assets of said company remaining that can be collected and made available to satisfy the residue of said debts into more than \$100,000—the amount of the chartered capital stock of said company, so that, before and at the time the petitioner was appointed receiver, said capital stock had become, and was and now is, impaired by losses and otherwise to the full amount thereof; that, therefore, it became, and now is, the duty of the directors of said company to forthwith repair the same by assessment thereon and on the holders thereof, but that they have neglected and refused so to do, or in any other way to make good such loss, although specially thereunto requested by the petitioner; and praying the court to order such assessment to be laid, and paid to the petitioner or into court, for the purpose of enabling the petitioner to pay the residue of said debts.

The facts found and certified up sustain the allegations of the petition, and show that the company stopped business on August 6, 1883, and has done no corporate act since.

Section 20 of the charter of said company—Stat. 1868, No. 157—provides that "if at any time the capital stock paid into said corporation shall be impaired by losses or otherwise, the directors shall forthwith repair the same by assessment."

It is contended, on behalf of the petitioner, that by force of this provision, the stockholders are bound to the creditors of said company to contribute to the amount of their capital stock toward the payment of the debts of the company, the assets of the company being insufficient;

\* The entire section of the charter was: "§ 20. If at any time the capital stock paid into said corporation shall be impaired by losses or otherwise, the directors shall forthwith repair the same by assessment; and no dividends shall be made or declared upon the capital stock of said corporation until the same are actually earned and realized over and above all losses and expenses."



that the obligation thereby imposed is an asset, to be used for the benefit of creditors; that the case stands as it would if it had been incorporated into the stock subscription; that the subscribers would not only make up the full capital subscribed, but would maintain it in its integrity, each contributing his just proportion. In other words, it is contended that said provision imposes a personal liability on the stockholders for the debts of the company, and obliges them to keep the capital stock of the company at all times unimpaired for the benefit of existing creditors.

But we are unable to adopt this view. No such liability exists at common law; and we must suppose that if the mind of the legislature was specially drawn to the subject of departing from the common law in this respect, and conceived a purpose to make the stockholders thus liable, such purpose would have been indicated with some distinctness, and the language used fairly adequate to express with reasonable certainty the real sense intended by the legislature. But the language of the provision before us, taken in connection with the whole act, is not fairly adequate to express an intention to impose personal liability on the stockholders, nor yet to impose on them the obligation of keeping the capital stock unimpaired for the benefit of existing creditors; but it looks rather to a continuance of business by the company, and was intended to prevent such continuance with an impaired capital; and it was adequate to that intent, for if the company undertook to continue business without repairing an impaired capital, the general law, to which its charter made the company subject, made it the duty of the bank commissioner to apply to the court of chancery for an injunction against the company and the appointment of a receiver—Gen. Stats., chap. 86, §§ 31, 32; and the Stat. of 1874, No. 87, § 5, conferred on the inspector of finance in the inspection and examination of Savings banks and trust companies, all and singular, the powers that were conferred on the bank commissioner by chap. 86 of the Gen. Stat., and by sec. 3601, Rev. Laws, the provisions of law applicable to banking associations were made applicable to insolvent trust companies, except as to application of assets. Although the ancient rule that statutes in derogation of the common law are to be strictly construed, has been considerably relaxed in modern times, if, indeed, it now has any solid foundation in our jurisprudence, yet it should ever be remembered that the rules of the common law are not to be changed by doubtful implication, nor overturned except by clear and unambiguous language.

The duty to repair capital rested on the directors, if they desired to continue business, whether the company was insolvent, in fact, or not. Suppose the assets to be \$150,000 only, and the debts \$100,000, the capital is impaired one-half. Or, suppose the assets and the debts to be just equal, the capital is all gone. But in neither case could creditors interpose to compel the capital to be repaired, for they would have no interest in the matter, as the assets are sufficient to pay the debts; and yet the duty to repair the capital would not be discharged, but would continue, notwithstanding. This shows that the purpose of repairing capital is not to provide means wherewith to pay the debts of a defunct institution, but rather to afford an earnest for the further prosecution of business.

The petitioner contends for an assessment to the amount of the par value of the stock only, and concedes that he can ask no more. But this very concession shows the reed on which he leans; for, if an assessment can be made at all, no reason can be given for stopping short of assessing enough to pay all the debts in full, which would take many times the amount of the stock.

Note the explicitness with which the Federal statute has imposed liability on shareholders of National banking associations. They "shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts and engagements of such association, to the extent of the amount of their stock therein, at the par value thereof." Rev. Stat., § 5151. Again, "Persons holding stock as executors, administrators, guardians or trustees, shall not be personally subject to any liability as stockholders," but the estate in their hands is liable instead, § 5152. How unlike the provisions of the statute under consideration. Indeed, it is scarcely conceivable that the legislature intended to impose the liability here contended for, and yet came so far short of using language adequate to that end.

Petition dismissed, with costs.

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## LEGAL MISCELLANY.

NEGOTIABLE INSTRUMENT—FORGED NOTE—EVIDENCE—HANDWRITING—CORPUS DELICTI.—When writing is offered as a standard of comparison, it is for the presiding judge to determine whether it is shown by clear testimony that it is the genuine handwriting of the party sought to be charged, and unless his finding is founded upon error of law, or upon evidence which is as matter of law insufficient to justify the finding, this court will not reverse it upon exceptions. Defendant asked a witness whether he knew of plaintiff's making imitations of notes by tracing, and had informed him how it could be done. The evidence was objected to, and defendant stated it was offered, not for the purpose of proving a distinct offence, but as showing the plaintiff had the skill and ability to forge the note in suit. *Held*, that the evidence was properly excluded. Where a person is accused of a crime, it is not competent to show as evidence of the *corpus delicti* that he has committed similar offences, or that he is of bad character, or that he has the capacity and means of committing the crime. Memoranda, made in a diary kept by defendant's intestate, are not admissible in evidence. This is an action of contract upon a promissory note, the defence being that it was forged.

1. When any writing is offered as a standard of comparison, it is for the presiding judge to determine whether it is shown, by clear testimony, that it is the genuine handwriting of the party sought to be charged. Unless his finding is founded upon error of law, or upon evidence, which is, as matter of law, insufficient to justify the finding, this court will not reverse it upon exceptions. *Comm. v. Coe*, 115 Mass. 481; *Costello v. Crowell*, 133 id. 352. We are of opinion that the evidence in this case was sufficient to prove the genuineness of the signatures of the defendant, which were offered as standards, and that the presiding justice might properly admit them as standards.
2. The defendant asked a witness whether he knew anything about the plaintiff's making imitations of notes by tracing, whether the plaintiff had told him anything about making such imitations, and whether the plaintiff showed him how he would make such imitations by means of a lamp and table. The defendant disclaimed any intention of proving a distinct offence, but offered the evidence as showing that the plaintiff had the capacity, skill, and appliances which would enable him to forge the note in suit. We are of opinion that the court rightly rejected this evidence. In cases where a person is accused of a crime, it is not competent to show, as evidence of the *corpus delicti*, that he has committed similar offences, or that he is

of bad character, or that he has the capacity and the means of committing the crime. The argument in favor of admitting such evidence is plausible. It might aid the jury, if they could know the character of the defendant, whether he is a man morally and physically able and liable to commit the offence; but the law excludes such evidence, upon the ground of public policy, to prevent the multiplication of issues in a case, and to protect a party from the injustice of being called upon, without notice, to explain the acts of his life, not shown to be committed with the offence with which he is charged. There are many cases where the fact that a defendant has the means of committing a crime has been admitted in evidence against him, but it will be found that in such cases the evidence is not admitted as proof of the *corpus delicti*, but for the purpose of showing a guilty intent or knowledge on the part of the defendant, or of identifying him as the person who committed the offence. *Comm. v. Stone*, 4 Metc. 43; *Comm. v. Bigelow*, 8 id. 235. In the case at bar, the question whether the plaintiff forged the note in suit is not in issue. The sole issue is, whether the note was forged. If it was forged it was immaterial by whom it was forged. The evidence was offered to prove the forgery, the *corpus delicti*; and for this purpose, we think it was inadmissible. *Hollingham v. Head*, 4 C. B. (N. S.) 388; *Griffits v. Payne*, 11 Ad. & El. 131; *People v. Corbin*, 56 N. Y. 363; *State v. Hopkins*, 50 Vt. 316; *Dodge v. Haskell*, 69 Me. 429; *Comm. v. Reading Sav. Bank*, 133 Mass. 16. 3. The court rightly excluded the entries made by Corey during his life-time in the diary kept by him. This was not an account book, but a mere memorandum book, and has no weight beyond any memorandum in writing made by him. The case of *Watts v. Howard*, 7 Metc. 478, is decisive against its competency. [*Costello v. Crowell*, Mass. Sup. Ct.]

**EVIDENCE—ON QUESTION OF AGENTS' POWER TO BIND DEFENDANTS—CUSTOM OF BANKS.**—In a suit against private bankers of a city or town upon a note given by their clerk and cashier for money borrowed by him in the firm name and appropriated to his own use, in which the cashier's authority to give the note is put in issue, evidence of the custom of bankers at such place to borrow money on time, is proper as tending to show that the borrowing of money was within the scope of the ordinary and customary business of the defendants. [*Crain v. First Nat. Bank of Jacksonville, Ill.* Sup. Ct.]

**EVIDENCE—AUTHORITY TO SIGN.**—In a suit against a banking firm, composed of two persons, upon a note improperly made by its cashier to a neighboring bank for money appropriated to his own use, a paper, directed to another and distant bank, giving the signatures of persons authorized to sign for the defendants, one of which was in the handwriting of the cashier, and another that of one of the defendants, is proper evidence, as an admission of the defendant signing the same, of the cashier's authority to bind the defendants by the execution of a note in their firm name. And the fact that the payee of the note did not act on the faith of such paper, though detracting from its weight, does not render it irrelevant and improper. [*Ibid.*]

**EVIDENCE—AS TO PRIOR FRAUDULENT ACTS OF CASHIER WITH OTHERS.**—In a suit upon such a note, proof of other fraudulent drafts drawn by the cashier upon other banks, is not admissible without any attempt to show knowledge of such drafts by the payee before making the loan to the cashier. [*Ibid.*]

**PROMISSORY NOTE—EVIDENCE OF WANT OF AGENTS' AUTHORITY, OR FRAUD IN GIVING SAME.**—The giving as collateral security by a cashier

of a private bank, notes of other persons, of over \$5,000 of his bank, to secure a note of that amount given by him in the name of his principals, with authority on maturity of the latter note to sell the collaterals at public or private sale, with or without notice, and apply the proceeds to the payment of the note given, is not of such a nature as to afford notice to the party making the loan and taking the notes, of the cashier's want of authority to execute the note for the bank, or of fraud in giving it. [*Ibid.*]

AGENCY—INSTRUCTION AS TO LIABILITY OF BANK FOR ACT OF ITS CASHIER.—In a suit by A against C & D, private bankers, upon a note given in the firm name of the defendants in which the cashier's authority was put in issue, the court instructed the jury, that if they believed from the evidence that the defendants were bankers at W., and that the person making the note was their cashier and intrusted by them with the general management of their bank, and the power to carry on all their general banking operations, and that it was one of the usual operations of a bank at W. and its vicinity to borrow money on time and execute a note therefor, and that such person, while acting as cashier and manager for the defendants, borrowed in their name, of the plaintiff \$5,000, and thereupon executed and delivered to the plaintiff the note sued on, they should find for the plaintiff. *Held*, that the instruction was properly given, and that it was not faulty in not defining the meaning of "general manager" or what constituted general management, or in ignoring the question of notice of the agent's want of authority, when there was no sufficient evidence of such notice. [*Ibid.*]

SAME—HOLDING OUT AGENT AS HAVING AUTHORITY TO ACT.—On an issue as to an agent's authority to borrow money and give a note therefor in the name of his principal, the court modified an instruction of defendant that when an agent acts beyond his authority, the principal is not bound unless he had held out to the party dealt with the agent as having authority to do the act, by adding after the words "dealt with," and before the words "the agent," the words "*or to the public generally.*" *Held*, that there was no error in the modification. [*Ibid.*]

SAME—WHAT IS A GENERAL AGENCY?—Power to act generally in a particular business, or a particular course of trade, in a business, however limited, constitutes a general agency, if the agent is so held out to the world, however restricted his private instructions may be. [*Ibid.*]

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## ECONOMIC NOTES.

### *WORKING A RAILROAD FOR ALL IT WAS WORTH.*

Under the careless legislation of many of the States, which has permitted corporations to decide for themselves the amounts of obligations they might put out, it is no wonder that the privilege has been abused, and the making of shares and bonds—the latter represented to be amply secured by mortgage liens—has been carried to criminal excess. One illustration will suffice. The Arkansas Central Railroad Company (the name indicates the locality) built only forty-eight miles of its projected line. The road was of narrow gauge, with very light iron, and in every way cheaply constructed. It cost less than ten thousand dollars per mile, including equipment. As with most companies building railways in new countries, help in its behalf was asked from the communities to

be benefited, and bonds amounting to nearly half a million dollars were given it by counties, cities, etc. Under a statute providing for aid to railroads when their beds could be utilized for levee purposes, the company got \$160,000 of State bonds. Under another statute it got, as a loan from the State, its bonds to the amount of \$1,350,000, which were to be a first lien upon the property. After such abundant assistance it would have seemed hardly necessary for the company to put out obligations of its own. However, it proceeded to issue and market its own bonds to the amount of \$2,500,000, of which \$1,200,000 purported to be secured by first mortgage, which was not the case. In addition, a considerable amount of stock certificates was issued. Altogether, nearly \$5,000,000 of paper were put out and negotiated on the basis of forty-eight miles of narrow-gauge road. But this proved to be insufficient. The road, for non-payment of interest, soon passed into the hands of a receiver, who found it in such an unfinished state that, with the court's permission, he issued a considerable amount of his own certificates to provide for necessary repairs and betterments. Then the road—the product of so much outlay—was sold at public auction, and brought the magnificent sum of \$40,000, which was paid, not in cash, but in receiver's certificates, that had been purchased at a large discount.—*Popular Science Monthly*.

"THE LONDON TIMES" ON THE PUBLIC DEBT.

Though it was not a wholly original idea of the Americans to adopt the credit of the State as a basis of currency, they applied it on a larger scale, and in a more scientific way than had ever been attempted before. But, as has frequently happened with their clever ideas in finance, as in other departments, they could not let alone the goose which laid their golden eggs. At the conclusion of the war they launched into a new financial policy, also very good and commendable in itself, but antagonistic in its aim to the National bank currency. The Republican party took up as one of its war cries the rapid redemption of the public debt, and that one, at least, of its many pledges it very faithfully and zealously fulfilled. But in doing so, it cut away, by degrees, the foundation on which the National banking system had been raised, and it has become a question how much more can be cut away without danger of bringing the whole fabric to the ground. The liquidation of the United States debt is a marvel in National finance, comparable only with the gigantic struggle out of which it arose. From its *maximum* level of \$2,846,000,000, at which it stood on August 21, 1865, it has descended by leaps and bounds to \$1,270,000,000, the amount given in the official statement for the 30th of April last. Apart from any moral or political question, the enormous gain which has accrued to the credit of the State, and the proportionate saving effected on the interest paid to the public creditor, would be ample vindication of the bold policy here pursued. One fact alone need be mentioned to illustrate what a boon it has been to the American people. When the public debt was at \$2,846,000,000, very nearly one-third of the whole bore interest at the rate of 7.3 per cent. per annum, and the average rate of interest on the other two-thirds was 6.02 per cent. In the last financial year the average rate paid by the Treasury on outstanding bonds was about 3.6 per cent. on their par value. If the advocates of refunding at long dates were now to prevail, it is not improbable that every existing bond could be renewed at 2½ per cent. Yet ten, or even eight years ago they would have been looked upon as dreamers. It was deemed a very gratifying success when, during the three years which followed the close of the war, \$1,275,000,000 of floating debt was funded into 6 per cent. bonds. These were no sooner

out than they began to be called in again, and refunded into 5 per cents. In 1870, it was thought that an important advance was being made, when  $4\frac{1}{2}$  and 4 per cent. bonds took the place of 5 and 6 per cent. bonds. So recently as 1881, the Treasury rated its credit at  $3\frac{1}{2}$  per cent., when it undertook to continue at that rate, until further notice, all the unredeemed 5 and 6 per cent. bonds, then amounting to \$579,000,000. In the following year these were refunded into 3 per cents., payable at the option of the Government.

#### WAREHOUSES FOUND AT ROME.

An interesting discovery, illustrating the commerce and the luxury of ancient Rome, has been made close to Monte Testaccio and the English cemetery. The whole of that district to the west of the Aventine, outside the Porta Tregemina, was occupied by granaries and warehouses for the storage of imports of all kinds. Between the northern side of Monte Testaccio and the Tiber there still exist colossal remains of the great emporium built by Marcus Emilius Lepidus and Emilius Paulus, nearly 200 years before the Christian era. In the year 1868 a considerable portion of the quays was discovered, together with some 600 blocks, many of them of large size, of rare, variegated marbles of all kinds, lying just where they were landed from the galleys which had brought them from Numidia, the Grecian Islands, and Asia Minor fifteen centuries ago. Now, in the course of the building operations in this locality, two warehouses have been discovered, one filled with elephants' tusks and the other with lentils. It is curious to find such products stored side by side, but as bags of lentils were sometimes shipped as ballast, they may have served that purpose. The discovery would have been a very valuable one if, unfortunately, the ivory had not been much decayed. The *Popolo Romano* states that it is the intention of the Syndic to remove the bronze equestrian statue of Marcus Aurelius from the piazza of the Capitol to a museum, and to erect a bronze reproduction in its place. The reason for this change is scarcely apparent. The statue certainly does not occupy its original position, but, to employ Michael Angelo's opinion of it, it is a "living monument of ancient Rome." It has stood in the sight of the people—one might almost say of the world—for more than 1,700 years; and although the gilding has nearly disappeared, it has in other respects suffered no injury during this lapse of years. It endured much rough handling in the course of removal, and when wine was made to flow from the nostrils of the horse in the time of Rienzi. Standing where it does, it forms an integral part of the ancient magnificence of the city, and affords a vivid illustration of its splendor; but removed to a museum it will simply be part of a collection of works of art.

#### NEED OF BANKING CAPITAL SOUTH.

There is great need of more banking capital in the South. According to the *Baltimore Manufacturers' Record*, "discount and interest rates are entirely too high for the good of all business interests except that of lending money. It is almost impossible for trade and manufactures to reach their full development while money commands such exorbitant rates as are current in the South. The *Evening Capitol*, of Atlanta, has lately very clearly pointed out the disadvantages under which Southern merchants and manufacturers labor, paying, as they do, anywhere from 9 to 15 per cent. or more for money, in competition with Northern houses, whose rates run from about 3 or 4 to 6 per cent. Banking facilities in the South are entirely inadequate to the volume of trade, and this very fact seriously injures the growth and development of that

section. Money is almost going begging in the financial centers of the North. Millions of dollars are constantly being invested at 3 per cent. and in some cases at even lower figures, while millions more are now lying idle, yielding no profit whatever. The owners of this money would, of course, be only too glad to find thoroughly safe investments at 6 to 10 per cent. There is room in the South for the investment of many millions at such rates, and where the investment would be almost or quite absolutely safe. There are good openings for probably over a hundred banks where such institutions are badly needed, and where a very profitable banking business would depend simply upon the proper business management. Possibly there may be a good many more than a hundred such places in the South, but certainly that number could easily be found. Even the larger cities in the South, with but few exceptions, lack sufficient banking capital. Now that the outlook for the crops is so good, and the certainty of a large volume of trade in the South so nearly assured, there ought to be a strong effort on the part of Southern people to place these facts before the moneyed men of the North. They ought to be convinced that there are splendid openings for the profitable investment of money in establishing banks at many places where they are now so badly needed. With proper efforts, and by direct personal work, we believe that very large sums of money now idle or yielding only a small income could readily be transferred from the North to the South, to the great benefit of both sections."

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### THE WARNER SILVER BILL.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any holder of silver bullion may deposit the same with the Treasurer or any assistant treasurer of the United States in amounts not less in value than ten dollars, and receive therefor certificates in denominations of ten dollars and multiples of ten, prepared as now provided by law for United States notes. Such certificates shall be receivable at par, in all parts of the United States, for customs, taxes, and all other public dues, and may be deposited by national banks for the redemption of their circulating notes, and shall be a legal tender between national banks, and shall also be a legal tender in payment of all debts and demands owing by the United States, except where payment in coin is expressly stipulated. They shall be redeemable on presentation at the Treasury or Sub-treasury in the city of New York, in lawful money, or, at the option of the Secretary of the Treasury, in silver bullion at its market value at the time of redemption.

SEC. 2. The value or ratio to gold at which certificates shall be issued on silver bullion deposited under this act shall be its actual ratio or market value at the time of deposit, to be determined by the Secretary of the Treasury, for each calendar month, by taking the average selling price of silver bullion, as expressed in gold dollars in the open market in New York city, during the preceding month, which price, so determined, shall be the value or ratio to gold at which certificates shall be issued during the succeeding month.

Or the market value may be determined for each day, as follows:

The value or ratio to gold at which certificates shall be issued on silver bullion deposited under this act shall be its actual ratio or market value at the time of deposit, to be determined by the Secretary of the Treasury for each day by taking the mean selling price of silver bullion in the open market in New York city in gold dollars on the first preceding day on which actual sales were made. Or substitute London for New York, and deduct from the London price the cost of transporting silver bullion between New York and London.

The price at which silver bullion shall be delivered in the redemption of certifi-

cates shall be the price at which at the same time it is being received: Provided that certificates shall not be issued on silver bullion at a value above the ratio of silver to gold as now fixed by law for standard gold and silver coins; and if, at any time, silver bullion rises to a value equal to the ratio of the two metals in existing standard coins, then any holder of silver bullion may, at his option, receive certificates for it, as provided in this act, or have the same coined at that ratio into standard dollars or half-dollars, of the weight hereinafter provided, on the same terms and conditions as provided by law for the coinage of gold; but if hereafter the ratio of silver to gold in standard coins shall, by law or international agreement, be changed, then this provision shall be made to conform to such new ratio.

SEC. 3. That silver bullion deposited under this act shall be received subject to all the provisions of law as to assaying, melting and refining, when below standard, casting into ingots or bars, the same as if deposited for coinage: Provided that coins struck at European mints, and ingots and bars made by melting down such coins, shall be excluded from the provisions of this act.

SEC. 4. When any of the certificates herein authorized are redeemed in silver bullion they shall be canceled and destroyed, but certificates which come back into the Treasury by being received for customs, taxes, or other public dues, or in exchange for lawful money, shall not be canceled, but shall be held as cash, and may be re-issued or paid out again as current money for all debts and demands owing by the United States, except where payment in coin is expressly stipulated.

SEC. 5. That on the taking effect of this act the monthly coinage of silver dollars under the act of February 28, 1878, shall be stopped, and in lieu of such monthly coinage the Secretary of the Treasury is hereby authorized and required to cause the coinage from time to time of standard silver dollars, from the bullion deposited under this act, in amounts sufficient to supply any demand that may arise for coined dollars for circulation, or that may be required to pay coin obligations of the government: Provided that, concurrently with the coinage of any silver bullion for which certificates have been issued under this act, the Secretary of the Treasury shall cause to be destroyed certificates equal in value to the bullion so coined at the time of its deposit.

SEC. 6. There shall be no further issue or re-issue of five-dollar national bank notes, nor of one and two dollar United States notes; but notes of larger denominations may be issued in place of the five-dollar national bank notes retired; and the total amount of United States notes, as now fixed by law, shall be kept up by substituting notes of a higher denomination for one and two dollar notes.

SEC. 7. In addition to the denominations of silver certificates provided for by the act of February 28, 1878, there shall be issued, in like manner, upon the deposit of silver dollars, certificates of denominations of one dollar, two dollars, and five dollars, which certificates shall be similar in form and shall possess the same money functions as those of higher denominations issued under said act.

SEC. 8. Certificates issued on the deposit of coined silver shall be known as silver-coin certificates, and certificates issued under this act on the deposit of silver bullion shall be known as silver-bullion certificates.

SEC. 9. After the passage of this act it shall be unlawful to issue Treasury certificates on deposited United States notes.

SEC. 10. That all half-dollar pieces struck since 1853, now in the Treasury or hereafter received into the Treasury, shall be melted down and re-coined into half-dollars weighing 206½ grains each; and such re-coined half-dollars, together with half-dollars struck before 1853, shall be legal tender in all payments the same as standard dollars.

SEC. 11. That the act approved June 9, 1879, providing for the redemption of subsidiary or fractional coins is hereby repealed.

SEC. 12. That until January 1, 1888, the coins known as trade-dollars shall be receivable at their face value for all dues to the Government, and exchangeable when presented at the Treasury or Sub-treasury in New York, or at any of the mints, for standard dollars. The trade-dollars so received shall be melted down and coined into standard dollars or half-dollars, of the weight provided for in this act, as the Secretary of the Treasury may direct.

SEC. 13. That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, sufficient money to pay the expense of the certificates



to be issued under this act and the coinage and re-coinage of half-dollars and standard dollars provided for in this act. And this appropriation shall stand as a permanent appropriation.

SEC. 14. This act shall take effect , 1886.

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## CORRESPONDENCE.

*To the Editor of the BANKER'S MAGAZINE.*

The decision of the Court of Appeals of Maryland, quoted in the September number of the Magazine, seems to be against the view of the case taken in this State, and unless there was more in the case than appears in the report, it hardly seems that the decision can be correct, notwithstanding the high court giving it.

Ordinarily, a certificate of deposit is a written contract that a bank (or banker) makes to pay a certain amount of money (generally on demand) to parties, or their order, named in the certificates, on the surrender of the certificate, properly indorsed. It would seem to make no difference who deposits the money, or how it is deposited, for the contract is between the bank and the party or parties named in the certificate as payees; what difference can it make if the party making the deposit dies?—the contract is not necessarily with him, *i. e.*, unless he is named as payee.

It would seem that, if the certificate is made payable to the order of either of two parties named, the bank would be clear of liability, if it paid the certificate with the name of either indorsed on it.

Many banks, with us, have their certificates read "There has been deposited, payable," &c.; this form is better, we think. It obviates the necessity of writing the name of the depositor, and saves much time; ordinarily, a bank knows nothing of the relations of the parties to the deposit, and there is no reason why it should.

It is a safe general rule to say that a certificate of deposit made payable to either of two parties, properly indorsed by either of them, is a negotiable instrument, and if paid under these circumstances, the bank issuing it has fulfilled its contract.

Please give us some authority for the following, quoted from your *Reply* in October number of the Magazine:

According to these rules, such a certificate as that given in this case was not negotiable, because by reason of the fact that it was made payable in the alternative to one of two different persons, it had not that certainty in respect to the payees which the law requires, to make it negotiable.

In Boston, for instance, every day many checks are issued payable to the order of either of two parties, and these checks pass current, and the banks feel safe in paying them when indorsed by either of the parties named. Now, if your paragraph quoted above is correct, this is a risky business.

WILL. L. WELCH, Bookkeeper.

*Massachusetts National Bank,*  
Boston, Mass., October 15, 1885.

*To the Editor of the BANKER'S MAGAZINE.*

There will be trouble between Boston banks belonging to the Clearing-house Association, as long as the following paragraph (quoted by Judge Devens in your October Magazine) obtains in their Clearing-house rules, namely: "And such checks are to be returned by the banks receiving the same to the banks from which they are received as soon as it shall be found that they were not good, and in no case were they to be retained after one o'clock." There has always been trouble, and it happens that banks construe the clause to meet their particular case; if they are sending checks back, then the messenger can *start* just before one o'clock, no matter what time he reaches his destination; but, if they are receiving checks back, then they want them presented over the counter before one o'clock. Many had hopes that the case just decided by Judge Devens might settle the matter, but their hopes were disappointed. If the Clearing-house Association of Boston banks will adopt the rule that checks returned *must be presented* at the counter of the bank obliged to redeem them *before one o'clock*, or the liability to redeem will cease, then it would seem that a clear rule would be in use.

WILL. L. WELCH, Bookkeeper.

*Massachusetts National Bank,*  
Boston, Mass.

## INQUIRIES OF CORRESPONDENTS.

## ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I. CHECK PAYABLE TO A OR BEARER.

If a check payable to "A or bearer" is indorsed by A payable to order of B, is it not necessary to have B's indorsement before drawee pays said check? Please cite decisions on such case.

REPLY.—Certainly not. A check payable to A or bearer is, in legal effect, the same as if payable to bearer, and no indorsement is necessary to pass the legal title. No rule of law is more familiar or better settled than this. See Daniel on Negotiable Instruments, § 663, and cases cited.

## II. RESPONSIBILITY OF AGENT FOR COLLECTION.

Are you sure you are right in your reply to the second inquiry (p. 144), August number of the Magazine. I hold that a failure to protest would not have involved the collecting bank in "peril," and that it had no right to protest the draft. The bank discounting the draft without the indorsement of the payer, took it at its own risk, well knowing that the drawee could not pay it in that shape, and it seems to me that the only recourse it would have would be on C for money obtained. A protest could not hold the drawer, for if the draft had been presented in proper shape it would have been paid, and that it was not so presented was not his fault. Will you please cite the authorities.

REPLY.—Daniel, in Negotiable Instruments, § 327, states the law governing banks, when acting as agents for collection, as follows: "It is the

duty of the bank, as soon as the bill, note or check is placed in its hands for collection, to take the appropriate steps necessary to its prompt payment, &c.; and, if the instrument be not duly accepted or paid, the bank must take all necessary steps to fix the liability of the drawer, &c., &c., by giving due notice of its dishonor to the party who indorsed the instrument to it for collection, &c., &c. If the bank fail in any of these duties it becomes immediately liable in damages to the holder." See, also, Edwards on Bills, § 656. The question, therefore, was as to the propriety of the conduct of the bank, which presented the check for payment under the circumstances stated, in sending it to protest when payment was refused. This, we think, was a question solely between that bank and the sending bank. The former bank was employed by the latter to collect the check, and upon receipt thereof, became agent for its collection, and subject to all the duties and clothed with all the rights attending such agency. See Morse on Banking, 396. It was strictly in the line of its right and duty to have the check protested in case of non-payment, and this it did in accordance with the usual custom in such cases. Our correspondent seems to think that the sending bank and C ought to have known that the check would not be paid for want of B's indorsement, and therefore that notice of dishonor to them was unnecessary. Even if this were so, it is difficult to see how it affected the duty of the collecting bank in the premises. The check was sent to that bank *for collection*, without instructions as to protest, and there was nothing disclosed upon the check itself, which would call upon the bank to take the risk of departing from the usual course, and neglect to protest in case of non-payment. Certainly the sending bank and C had no right to complain that protest was made. If the collecting bank had neglected to protest the check, we cannot doubt that, in accordance with the general rule in such cases, the drawer, at any rate, would have been discharged from all further liability upon it, for want of notice of dishonor; and we have endeavored in vain to find an authority to the contrary. This being so, it is impossible to understand why the collecting bank should have been expected to take the risk of allowing him to be discharged, or how it can be contended that the collecting bank would not have put itself in "peril," by allowing him to be discharged.

It occurs to us that the real controversy between the parties in this case may be about paying the costs of the protest. If that is so, we rather think that the drawer of the check should not be charged with them, if the check was forwarded for collection in such a state, in respect to the indorsements, that the holder ought to have known that it would not be honored. However this may be, we are clear that the duty of the collecting bank to protest the check was not affected by it.

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### III. ALTERATION OF AN INDORSEMENT.

Has the last holder of a check the legal or equitable right to strike out, or cross off, an official title annexed to an indorsement, in a case where the first indorser of the check makes it payable to the order of John Jones, and John Jones indorses the check payable to B. W., but in signing the name of John Jones, adds, "Prest." to his signature? The bank upon which the check was drawn refused payment because of such indorsement. The holder of the check then struck off the word "Prest." and again presented it, whereupon, the bank again refused payment,

because, as it claimed, the holder had no right or power to do this, without the knowledge and consent of John Jones, whose consent to the alteration had not been obtained.

REPLY.—It is true, that, if a note, bill or check is altered in any material part, it is thereby avoided. But, as said in Daniel on Negotiable Instruments, § 1398 *et seq.*, it is also true that “not every change in a bill or note amounts to an alteration. If the legal effect be not changed, the instrument is not altered, although some change may have been made in its appearance, either by the addition of words which the law would imply, or by striking out words of no legal significance.” We think, therefore, that the right to strike out the word “Prest.” added to this indorsement, depended upon whether that word had any legal significance, for if it had not, the holder, being the owner of the check, could safely strike it out without injury to his right to recover on the check. Upon the whole, though the matter is not entirely free from doubt, we think that the word was without legal significance, and that its erasion was not a material alteration of the indorsement. We do not very well see how the indorsement, as made, can be taken to be anything else than the individual indorsement of John Jones. It can hardly be said that by this form of indorsement he intended to contract, or succeeded in contracting, for any corporation or society of which he was president; and if the indorsement is not the indorsement of some such corporation or society, it must be the indorsement of John Jones individually, and the word “Prest.” a mere accidental and immaterial addition, which the holder might strike out without injury to his right to recover. An interesting discussion of the whole subject and many of the authorities will be found in Daniel at the place referred to. We are not sure, however, that, as a matter of banking practice, the above view of the law furnishes a conclusive rule to govern the conduct of the bank. It should be remembered that the only duty of the bank in the matter was to its depositor, and it may be a question whether the depositor would have a right to find fault with it, for a refusal to honor the check under the circumstances stated. As between it and its depositor, it was bound, at its peril, to see that the check, if paid at all, was paid to a party entitled to demand payment; and it may well be, that its officers were not obliged to decide off hand, at the risk of the bank, a nice question of law; and that they had a right to insist that John Jones should be informed of the erasion, before the check was paid. Certainly, the bank took the conservative course, and we do not think their refusal to honor the check, under the circumstances stated, could do any injury to the credit of the drawer.

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#### IV. TIME WITHIN WHICH DRAVEE OF A DRAFT MUST ACCEPT.

Is the drawee of a draft entitled to time to examine state of accounts of drawer before protest for non-acceptance, and if so, how much time—draft in usual form, without conditions or waiver?

REPLY.—The law on this point is thus stated in Daniel on Negotiable Instruments: “When the bill is presented to the drawee for acceptance, he is entitled, if he desires it, to a reasonable time to examine into the state of his accounts with the drawer, and deliberate whether or not he will accept the bill. To afford him this opportunity, which it may be very necessary for him

to avail of, he is allowed twenty-four hours, and it is usual to leave the bill with him for that period." "But, if the drawee refuses to accept within the twenty-four hours, the bill must be protested immediately; and if, at the end of twenty-four hours, the drawee does not signify his acceptance, protest must be immediately made and notice given." See § 492, where many authorities upon the point are cited. This is understood to be the well-established rule of law upon the subject of the inquiry.

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## BANKING AND FINANCIAL ITEMS.

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**STATUTE OF LIMITATIONS AND BANK DEPOSITS.**—A case involving a point of importance to bankers and their clients was recently tried in Minnesota. The defendants were a firm of private bankers, who had accepted a deposit from a customer many years ago. After the lapse of eleven years, the depositor turned up and demanded payment, which was refused, on the ground that the debt was outlawed. The matter ultimately went to the Supreme Court of the State, where it was held that the Statute of Limitations only ran from the date of the demand. In delivering judgment, the judge pointed out that the debt of a banker differed entirely from that of an ordinary debtor, inasmuch as it was not his duty, as in ordinary cases, to find his creditor and pay over the money, but, by the custom of bankers, and the implied contract between himself and his customer, he was bound to hold the money and pay it as the customer required. The money was, therefore, not due until demand was made for it, and the time for outlawry could only be counted from the date of the demand.

**BANK CHECK.**—A decision recently rendered by the Supreme Court, sustaining a decision of Common Pleas No 1, is of general interest. Harrington & Goodman, on November 14, 1883, deposited with the Merchants' National Bank of Philadelphia, as cash, a check for \$489.20, drawn by Ruhman & Co. on the Mississippi Valley Bank, at Vicksburg, Miss. The Merchants' Bank remitted by letter the check to the Mississippi Valley Bank, requesting payment. The latter bank mailed to the Merchants' Bank a letter inclosing, in payment for the check, a draft of the Mississippi Valley Bank upon the Hanover National Bank of New York City. The draft, being remitted to the Hanover Bank, was returned to the Merchants' Bank unpaid, there being no funds on deposit with it to the credit of the Mississippi Valley Bank. The Merchants' Bank then notified Harrington & Goodman of the fact, and asked if they should order the return of the check, so that Harrington & Goodman might receive their money from their customer. Subsequently the Merchants' Bank called upon the Mississippi Valley Bank to return the check. That bank having, in the meantime, failed, and been placed in the hands of a receiver, the latter wrote in reply, among other things: "The check you call for cannot be returned, as it was paid, charged to drawer's account, and canceled. Exchange was remitted to you for it, but unfortunately was not paid, the Mississippi Valley Bank having failed." Harrington & Goodman, under these circumstances claim to recover the amount of the check from the Merchants' Bank, and the case was submitted to the court upon a case stated. A decision was rendered by President Judge Allison, sustaining the view of the plaintiff. With reference to this decision, several presidents and officers of banks have said that it would compel a change in the method of doing business; that hereafter when such checks are presented for deposit the depositors will have, instead of having them accepted as cash, to take them to the collection desk, or specially agree to bear the expense of their transmission by express.—*Philadelphia Press*.

**SAN DIEGO.**—The First National Bank of San Diego, Cal., has now a paid-up capital of \$100,000, and a surplus of \$12,000.

**THE COMMERCIAL NATIONAL BANK.**—This new bank, situated at the corner of Wall and Pearl streets, was incorporated with a capital of \$300,000 on June 26th last, and opened for business on July 1st. The privilege has been reserved in the bank charter of increasing its capital to \$1,000,000, and this increase will be made as the necessities of the business may require. The Commercial National Bank will conduct a general banking business, and hopes to receive and deserve a full measure of support. The new bank not only opens under the most favorable auspices, but with a thoroughly responsible, reliable, and experienced management. The President, Mr. Orson Adams, was until lately Vice-President of the Bank of the Republic, and enjoys an experience in banking and financial circles in New York, and an excellent reputation that extends back at least twenty years. He was among the first appointees as a National Bank Examiner, and held this responsible position with great credit for many years, until elected Vice-President of the National Bank of the Republic, of this city. The cashier is Mr. W. W. Flannagan, a Virginian, who has had much experience in banking. He became cashier of the Virginia Loan and Trust Company, which was subsequently merged into the Citizens' National Bank, of which he was also made cashier. At the same time his father was the cashier of a National Bank in Monticello. These two banks were merged together under the name of the Monticello National Bank, and again was Mr. Flannagan made cashier, his father retiring. In 1875 Mr. Flannagan assisted in the organization of the People's National Bank of Charlottesville, Va., of which he became the cashier and manager, and continued to act in that capacity until his appointment to his present position. Mr. Flannagan is interested not only in the practical every-day business of banking, but also in the improvement of the system, and presented a paper on "Security for National Bank Deposits" at the recent Bankers' Convention at Chicago. We subjoin some of the salient points of this able paper:

"To-day the practical question arises, can we not take another step forward in the improvement of the National banking system, whereby the same confidence which now exists in the mind of the holder of a note shall also exist in the mind of a depositor, and that virtually the one shall be equally secure with the other? This being done, we shall have no more runs on National banks; no more wild-cat panics by reason of the fear of loss therefrom; no Clearing-house loan certificates; no needless failures of National banks which can afterwards pay one hundred cents on the dollar from their assets, but failures only as the result of mismanagement or fraud." After suggesting the abolishment of the tax on National bank circulation as a means toward this end, Cashier Flannagan makes the following pregnant points. "The taxes paid each year to the Government on circulation alone have been more, in every instance, than the losses for the corresponding year by depositors in National banks; the taxes paid on circulation since 1865 exceed by more than 50 per cent. the total amount of proved claims against insolvent National banks for the same period, so that, if the insolvent National banks had had no assets whatever, this tax would have paid all their depositors, and left \$19,877,181 in the Treasury, exclusive of interest!" The paper is well worthy of a careful perusal, and we regret that our limited space will not enable us to print it in its entirety.

**AN ENORMOUS SUCCESS.**—The sales of the *Personal Memoirs of General Grant* bid fair to be unprecedented in the history of books. The first volume will be issued December 1st, next, and the publisher has orders already for 650,000 copies. The profits to Mrs. Grant from the orders now in hand alone will be nearly half a million dollars—or, to be precise, \$445,000. In view of the erroneous impressions prevailing relative to Mrs. Grant's probable income from the General's book, these figures, which we are enabled to state authoritatively, will prove of universal interest.

**ACCIDENT INSURANCE COMPANY.**—The libelous attack by a St. Louis person, connected with a rival insurance company, upon the Accident Insurance Company of North America, appears to have turned out to be a boomerang, or kicking gun; because it has reacted severely upon the originator of the slanders. The Montreal Company promptly responded to the attack, by inviting United States Insurance Officials, in charge of State Insurance departments, to enter at once upon an investigation of the Company's solvency, methods, and general management. Well,

none of those United States Insurance Superintendents thought, or appeared to think, that the Accident Insurance Company of North America, located at Montreal, needed to be investigated—simply because the Company's annual statements, on file, and its deposits on this side of the border, left no room for question as to the perfect financial solvency of the Company, so far as United States citizens were concerned. The Company itself, however, not satisfied to leave matters in this position (however satisfactory presumably to the Insurance Officials of the United States), caused a careful investigation to be made by the Directors of the accounts and statements, as verified by the Auditors and reported in the returns of the several United States departments on December 31, 1884; and as the result of this examination, it is certified that those returns represent truly the actual condition of the company at that date. They have also, in conjunction with the Auditors, examined into the condition of the Company's business progress during the subsequent nine months, ending September 30, 1885, and their report is that at that date, as well as in December 31 last, the company was, in all respects, financially sound, its business prosperous, and entitled to the fullest confidence. This statement is signed and certified by Sir A. T. Galt (ex-Finance Minister of Canada), President of the Company; Hon. J. Ferrier (Chairman of the Grand Trunk Railway). Vice-President; W. J. Buchanan (General Manager, Bank of Montreal), Director; and Edward Rawlings, Managing Director of the Company. And we may as well add the expression of our own conviction that the Accident Insurance Company of North America, located at Montreal, and doing business throughout the United States, is just as trustworthy and sound, as regards its contracts, as any other accident company whatever, native or foreign. Nor do we believe that attacks upon the Company are at all justified nor likely to result in anything definite, except giving Mr. Rawlings a good chance to make the Company more popular in the United States, as well as at home.—*New York Commercial Bulletin*.

**LONG ISLAND SAVINGS BANKS.**—There are eight Savings banks on Long Island, outside of the City of Brooklyn, and from the reports of the State Bank Department, July 1st, it appears that these eight banks in Queens and Suffolk Counties hold deposits to the amount of \$3,841,385.19, for 14,210 different depositors, making an average of \$270.33 to each depositor. The large number of persons having money in these institutions and the small average of their accounts shows that the banks are doing a good work in encouraging thrift among people of moderate means. This is just what the Savings bank system is intended for, and the State has so thoroughly hedged it about with stringent regulations, as to investments and management, that a failure has seldom, if ever occurred where careful and honest oversight was used by the trustees. How important, then, is the trust confided to these men! The above figures with those below, show that these depositors are an active element in our midst, and indicate more or less prosperity among a large portion of the people. During the first half of this year the business with depositors was as follows, in the several banks of the two counties:

	Deposited.		Withdrawn.
Riverhead.....	\$147,449 05	....	\$139,288 19
Sag Harbor.....	84,628 28	....	104,573 41
Southold.....	73,122 85	....	97,666 76
College Point.....	36,723 15	....	40,773 46
Jamaica.....	154,021 86	....	169,570 94
L. I. City.....	129,686 31	....	112,944 10
Flushing.....	57,553 53	....	73,087 82
Roslyn.....	23,177 22	....	11,606 30

“ **LOGAN C. MURRAY**, President of the United States National Bank of New York, a few days ago gave Archdeacon Farrar a private breakfast at the Union League Club. Among the distinguished guests present were John Jay, the Rev. Dr. John Hall, the Rev. Dr. W. M. Taylor, Morton McMichael, of Philadelphia; F. D. Tappen, the Rev. Dr. John Paxton, Mr. Donald Mackay, Bishop Dudley, of Kentucky, and President McCosh, and others.

**STOCK EXCHANGE SEATS**—ONE SOLD FOR \$34,000.—A Stock Exchange seat was sold on October 26th for \$34,000, the highest price ever yet paid. A Produce Exchange membership was sold for \$2,900.

MR. O. S. WARREN, who died at Silver City, was born in Salem, Massachusetts, in 1847. In 1858 he removed with his parents to Kansas, where he resided ten years, after which he engaged in the banking and stock-brokerage business in New York. He was then but a boy in years, but was very successful in all business transactions. In 1862 he changed his base of operations to Seattle, Washington territory, where he remained for two years, and then returned to New York. For two years after that he was cashier of a banking house in Little Rock, Arkansas. He came to Silver City in 1881, and since that time had built up one of the best paying insurance agencies in the territory.

NEW YORK CITY NATIONAL BANK STATISTICS.—The statements of the National banks of the city, for the quarter ending October 1st, show aggregate capital \$45,350,000, a decrease for the quarter, of \$1,172,000; net profits increased \$367,400, to \$31,875,800; circulation decreased \$37,000, to \$9,948,800; amount due banks increased \$2,578,900, to \$129,389,300; amount due depositors decreased \$2,204,200, and unpaid dividends show a decrease of \$897,500, to \$232,600, making total liabilities show a decrease of \$1,274,400, to \$422,803,500. In resources, the chief increase is in loans and discounts, which aggregate \$237,728,100, a gain of \$19,999,200 for the quarter. The chief decrease is in legal tenders, which go down \$12,086,600, to \$24,499,500; specie decreases \$4,375,600, to \$91,649,700; cash items and bank notes decrease \$1,463,600, to \$4,195,400; Government bonds on hand, \$4,265,900, a decrease of \$971,400.

ATLANTA, GA.—On the 2d of September the Atlanta National Bank, the oldest National bank in the cotton States, having reached the limit of its first charter, commenced a new era in its existence, the charter having been extended to September 2d, 1905. A word in regard to the history, management, and success of this institution from its commencement twenty years ago to the present time, may not be uninteresting to its many friends and customers in this city and the country at large. This bank was organized by General Alfred Austell, George S. Cameron, R. H. Richards, W. H. Tuller, Paul Romare, and others, on September 2d, 1865, commenced business on 19th December, 1865, with a capital of \$100,000, under the management of the following officers: Alfred Austell, president; W. H. Tuller, cashier. The average capital of the bank for the twenty years past has been \$185,000, on which dividends to the amount of \$433,000 have been paid, and the bank holds now surplus and profits, \$84,000. For months after its organization the entire clerical work was performed by the cashier and bookkeeper. Some idea of the increase of business and the growth of Atlanta may be formed from the fact that the officers and clerks now number thirteen, viz., President, vice-president, cashier, assistant cashier, two tellers, three bookkeepers, discount and exchange clerk, corresponding clerk, and two collectors.

The bank will enter upon its new era under the management of the following officers and directors: James Swann, president; R. H. Richards, vice-president; Paul Romare, cashier; Geo. R. DeSaussure, assistant cashier. Directors—James Swann, R. H. Richards, W. R. Hill, Paul Romare, H. T. Inman, W. W. Austell, and A. E. Thornton. The conservative management and liberal dealings with its customers and the public, has won for this bank their entire confidence and esteem, and it will be the aim of the officers of the bank in the future to merit the same liberal patronage and support that they have received in the past. Before closing this brief record we cannot refrain from a retrospective view of the years that have gone. The memory of those who labored in this bank, and who now rest from their labors, must ever be a part of this bank and its history. Of the original officers and stockholders, death has taken General Alfred Austell, the first president; W. H. Tuller, the first cashier; Major W. B. Cox, vice-president; and, from the clerical force, O. J. Smith, W. S. Swann, and W. H. Fisher, whom the bank has not ceased to miss and kindly remember. Of those who were numbered with the original officers and stockholders, only two remain, R. H. Richards and Paul Romare. It affords us much pleasure to write the above about this excellent bank, which is an institution of our city. The stockholders are men of means. The officers of the bank are conservative and prudent men, making splendid managers for a great National bank.—*Atlanta Constitution*.



**AN IMAGINARY BANK.**—One of the most surprising facts in this progressive age is that we are frequently under the necessity of recording instances where the neglect of even the most ordinary precautions entails irreparable loss. It may be confidently asserted that it would have been impossible to victimize any of the merchants who use the *HOMANS BANKER'S ALMANAC AND REGISTER*, by such a scheme as is detailed in the following telegram :

"Rochelle, Ill., Oct. 19th, 1885.—William C. Glenn, aged twenty years, was lodged in the County Jail yesterday, to await a hearing before the United States Commissioner, on a charge of conducting swindling operations through the mails. Glenn lives in Rochelle, Ill., and has been employed in the office with his brother, who is postmaster of that place.

"Some time ago Glenn is said to have begun negotiations with eastern dealers in foreign postage stamps and curios under a half-dozen fictitious names. The Second National Bank of Rochelle was given for reference as to the solvency of each of these mythical persons. This bank existed only on Glenn's fancy letter-heads, which also gave the names of its imaginary officers and the amount of its supposed capital.

Glenn received all the letters addressed to the bank, and gave the fictitious persons excellent financial ratings. These several imaginary persons then ordered large quantities of merchandise on time. Glenn is said to have received from \$100 to \$500 worth of goods from various eastern houses.

"Complaints were made at the Post Office Department, and an inspector was put on the case. After weeks of watching and investigating, young Glenn was arrested on the 17th. A search of his room in his father's house revealed about \$1,200 worth of stamps and other articles shipped by the eastern firms."

**ANOTHER NEW BANK BUILDING IN WALL STREET.**—The uniting of two or more banks in constructing a building for their joint accommodation seems to be a growing idea. Now the Gallatin National Bank of New York and another bank have entered into an agreement of this kind, and plans will be prepared at once for an imposing structure at Nos. 34 and 36 Wall Street. The notion originated with Mr. F. A. Tappan, President of the Gallatin National Bank, with the primary object of securing more floor space for the increasing business of his institution. Its present quarters are rapidly becoming too small to accommodate its growing business. The Gallatin stands on a lot having a frontage of only 20 feet on Wall Street. No. 34 Wall Street, the adjoining building, which is two doors below the Sub-Treasury, was owned by the Union National, and has a frontage of 34 feet. When the Union Bank decided to go out of business Mr. Tappan decided to buy the property, 34×105 feet, the price paid being \$400,000. Before concluding the purchase, however, President Tappan contracted for the sale of 27 of the 34 feet frontage to the other bank interested. Thus, the frontage of each partner in the proposed new building will be 27 feet on Wall Street. The Gallatin National will gain 7 feet of lateral space, and its new quarters, when completed, will not be surpassed by those of any bank in the city. The new building will be an important addition to the architecture of Wall Street.

**A NEW NATIONAL BANK EXAMINER.**—Jeremiah Gatchell, Savings Bank Commissioner of Massachusetts, has been appointed a National Bank Examiner. His location has not been specified, and it cannot therefore be said that he will have the place of either of the examiners now stationed in Massachusetts. Mr. Gatchell is a Democrat.

**DANBURY NATIONAL BANK, CONN.**—In August of 1855 an invitation was given by the directors of the Danbury Bank to Jabez Amsbury, then occupying the position of teller of the Quinebaug Bank, of Norwich, to assume the duties of cashier of the Danbury Bank, on October 1st, 1855. The officers of the Danbury Bank at that time were: Samuel Tweedy, President; Frederick S. Wildman, Edgar S. Tweedy, George Hull, Samuel C. Wildman, Pierre A. Sutton, Oliver Stone, Henry Benedict, all of Danbury, and Amzi Rogers, of New Fairfield, directors; Ephraim Gregory, cashier; Lucius P. Hoyt, teller, and George King Nichols, as clerk. Cashier Amsbury began his duties October 1st, 1855. L. P. Hoyt remaining as teller until his election as vice-president December 27th, 1862. His election as president being

June 18th, 1864, upon the retirement, on account of ill health and infirmities of age, of Hon. Samuel Tweedy, who had, with the exception of some three or four years in all, held the position of president since its commencement in 1824.

At that time very few of the modern ways of doing business were in vogue. Only two check books were then in use by the customers of the bank, and such a thing as deposit tickets were unknown. The difference in the amount of daily transactions is best illustrated by the balance due corresponding banks October 1, 1855, of \$7,099 96 and October 1, 1885, \$91,743.22. So far as can be ascertained, only five cashiers of banks are now in same positions in the State that were so October 1st, 1855. After the thirty years of official life in Danbury, Cashier Amsbury, last month, invited the members now living of the original board of directors, and those that have been members of the board during the time, to a social gathering at his residence, at which the history of the bank was gone over.

ERIE, PA.—An adjourned hearing in the case of the *Commonwealth vs. President Jarecki and Cashier Sturgeon*, of the defunct Humboldt Bank, charged with receiving deposits knowing the institution to be insolvent, has unmasked a bad state of affairs. The assignee took the stand and testified that he and his expert book-keepers had discovered deficits to the amount of nearly \$15,000, which they traced to the cashier. The latter had carried on his speculations under the eyes of the bank officers, and through his manipulation of drafts had covered up his deficiencies. When confronted with the evidences of his operations he made no denial or explanation, but confessed judgment and seemed to regard it as a sort of legitimate business. The cashier was regarded as strictly honest and upright by his brother officers, and at the time of his speculations they passed resolutions complimenting him on his fine banking abilities. The assignee was about to cause the arrest of Sturgeon for embezzlement, when a depositor forestalled him and arrested both the president and cashier for a lesser offence.

A NEW NORTH CAROLINA BANK.—It is proposed shortly to organize the first National Bank of Asheville, N. C., with Mr W. E. Breese, of Charleston, S. C., as President. The necessary capital has already been subscribed. As an evidence of the confidence reposed in Mr. Breese, the names of the largest subscribers to the stock of the Asheville Bank may be studied with interest. Amongst them are Dr. Simonds, President of the First National Bank of Charleston, and Mr. G. W. Williams, President of the Carolina Savings Bank, in addition to several well-known merchants of South Carolina's metropolis. Mr. Breese was for more than three years cashier of First National Bank of Charleston, which position he relinquished of his own accord. He is a gentleman of high personal character, and is specially fitted by qualifications and experience for conducting a bank successfully. We predict confidently that it will not be long before a bank under the presidency of Mr. W. E. Breese will take its place among the leading banking institutions of the country. We not only wish him success in his new field, but are certain he will command it.

NEW ORLEANS.—The North Central and South American Exposition will be opened on the 10th of November, at New Orleans, with impressive ceremonies. The New Orleans newspapers now pronounce the enterprise an assured success. Its management is a business one, and having acquired the immense plant of the World's Exposition (the largest ever constructed), with ample capital, ought to achieve substantial results. The railroads centering at New Orleans are giving the Exposition their energetic support, and this fact augurs well for its prosperity.

A CHINESE BANK NOTE, issued in 1399, B. C., is preserved in the Asiatic Museum at St. Petersburg, and, according to Mr. Pearce, the Scotch antiquary, paper money was issued at a much earlier date than even that. He says that the earliest bank notes are the "flying money, or convenient money," first issued in China about 2000 B. C. These early Chinese "greenbacks" were, in all essentials, similar to the modern bank notes, bearing the name of the bank, the date of issue, the number of the note, the signature of the official issuing it, indications of its value in figures, in words, and in pictorial representations of coins, or heaps of coins equal in amount to its face value, and a notice of the pains and penalties for counterfeiting.

### OBITUARY.

JOHN HERMANN KAMPMANN whose death was announced in the last number of the Magazine, was born on December 25th, 1818, in the village of Walthrop, Kreis Rechlinghausen, Muenster, in the province of Westphalia, Prussia, from whence he emigrated, reaching San Antonio in the year 1848. He was a stonemason, and on his arrival obtained employment from Mr. John Fries, a contractor. At the outbreak of the late war, Mr. Kampmann espoused the cause of the Confederacy, organized a company and was commissioned as its captain. He did active, useful, and gallant service in Arkansas and Louisiana, but his mechanical talents soon procured for him a transfer to Bastrop, where he was placed in charge of the manufacture of military stores and equipments, which was conducted under his charge on an extensive scale until the close of the war, when he returned to San Antonio where he again entered upon his former labors and erected many mammoth buildings both for mercantile and domestic purposes. He was the first manufacturer here of doors, sashes, and blinds, and was the first person to introduce the gas engine in manufacture, or as a motor for machinery. He was also the first chief of the fire department of San Antonio, and also served honorably in the city council. For many years, and up to his death, he was a member of fire company No. 2. Major Kampmann prophetically remarked, when he commenced the construction of the new Kampmann bank building, at the corner of Commerce and Soledad streets, that while he might not live long to be benefited by it, it would prove a lasting monument to his memory. Its elegant and stately proportions will long prove that his prediction was correct. Besides this building, many others scattered throughout every ward and portion of the city will be as monuments to his memory. Major Kampmann was highly esteemed by the entire community, and was a man of sterling and unquestionable integrity. By frugality and sound judgment, as well as indomitable energy, he accumulated a handsome fortune of not less than a million dollars.

JOHN C. LATHAM, of Hopkinsville, Ky., who died in September, "for thirty years past," says the *Louisville Courier-Journal*, "filled industriously more important local positions of various kinds than fell to the lot of any other citizen of his county. Always cautious, he was forward to advocate every enterprise which promised to promote the public good. As member and Treasurer of the City Council, he worked successfully, not only for public improvements, but for the excellent financial reputation which Hopkinsville enjoys. As Court Commissioner in many intricate cases, guardian, trustee, and arbitrator in difficult controversies, his accounts were always found correct, and his decisions accepted as wise and impartial. So absolute was the confidence in his integrity that he was seldom required to give bond for the performance of his duties as executor or guardian. He did a vast amount of such work without compensation, and never was charged with betraying a trust." His successor, E. P. Campbell, a leading lawyer at the Hopkinsville bar has gained an enviable reputation throughout the State as a jurist. His superior business qualifications and the excellency of his character eminently fit him for the position to which he has been elected. Mr. G. P. Garnett, of Pembroke, was elected to fill the vacancy in the Board, caused by Mr. Latham's death.

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## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from October No., page 311.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent</i>
ALA....	Talladega.....	B'k of Talladega..(W. H. Skaggs.)	.....
DAK....	Devil's Lake....	First National Bank.....	National Bank of the Republic.
" ..	Dawson.....	Neill Bros.....	Winslow, Lanier & Co.
" ..	\$ 50,000	Chas. S. Hulbert, <i>Pr.</i>	John M. Schwartz, <i>Cas.</i>
" ..	Henry.....	Bank of Henry.....	Chase National Bank.
" ..	\$ 25,000	J. A. Scaman, <i>Pr.</i>	M. O. Tibbits, <i>Cas.</i>
" ..	Highmore.....	Bank of Highmore.....	Kountze Bros.
" ..	\$ 20,000	S. Drew, <i>Pr.</i>	Frank Drew, <i>Cas.</i>
" ..	Mitchell.....	Davison Bros.....	Kountze Bros.
" ..	Rapid City....	Black Hills National Bank	First National Bank.
" ..	\$ 50,000	H. G. Hall, <i>Pr.</i>	H. S. Hall, <i>Cas.</i>
" ..	Redfield.....	First National Bank.....	.....
" ..	\$ 50,000	Wm. W. Taylor, <i>Pr.</i>	H. M. Benedict, <i>Cas.</i>
" ..	Winfred.....	Bank of Winfred (M. V. Allen)	.....
GA....	Savannah.....	National B'k of Savannah.	.....
" ..	\$ 200,000	Herman Myers, <i>Pr.</i>	Thos. F. Thomson, <i>Cas.</i>
ILL....	Braceville.....	People's Bank (J. C. Lutz)	Thos. Cumming, <i>Cas.</i>
" ..	Milledgeville..	R. G. Shumway.....	.....
IND....	Brazil.....	Zeller & Riddell.....	Winslow, Lanier & Co.
IOWA..	Burlington.....	Nat'l State Safety Dep. Co.	.....
" ..	Rock Valley... \$ 40,000	Farmers' Bank.....	Importers & Traders' Nat'l B'k
" ..		John Mulhall, <i>Pr.</i>	W. Mulhall, <i>Cas.</i>
KANSAS.	Anthony.....	Farmers' Loan & Trust Co.	.....
" ..		T. O. Moffett, <i>Pr.</i>	T. H. Stevens, <i>Tr.</i>
" ..	Brainerd.....	Whitewater Bank.....	Kountze Bros.
" ..	P.O. El Dorado	W. H. McLain, <i>Pr.</i>	H. F. Toevs, <i>Cas.</i>
" ..	Cimarron .....	Cimarron Bank.....	.....
" ..		A. B. Mayhew, <i>Pr.</i>	J. G. Coffman, <i>Cas.</i>
" ..	Conway Springs	Citizens' State Bank (G. B. Armstrong)	.....
" ..	Kinsley.....	Exchange Bank.....	.....
" ..		W. J. Peck, <i>Pr.</i>	C. H. Seamans, <i>Cas.</i>
" ..	Liberty.....	Bank of Liberty.....	.....
" ..	Wichita.....	Bank of Wichita.....	Fourth National Bank.
" ..		W. P. Robinson, <i>Pr.</i>	J. H. Slater, <i>Cas.</i>
MICH...	Saline .....	Citizens' Savings Bank...	.....
MINN...	Breckenridge..	Wilkin Co. Bank.....	.....
" ..		(Keniston, Nelson & Co.)	.....
" ..	Bertrand.....	Bank of Bertrand.....	.....
" ..		(John G. Ballard & Co.)	.....
" ..	Cumminsville..	Manker & Bowler.....	.....
MO....	California.....	Farmers & Traders' Bank.	.....
" ..	De Soto.....	People's Bank.....	United States National Bank.
" ..	\$ 10,000	T. W. Kennan, <i>Pr.</i>	E. M. Carver, <i>Cas.</i>
" ..	Houstonia.....	Houstonia Bank.....	.....
" ..	\$ 7,550	John P. Higgins, <i>Pr.</i>	W. F. Longan, <i>Cas.</i>
" ..	Kansas City... \$ 100,000	Missouri Union Trust Co.	.....
" ..		C. W. Whitehead, <i>Pr.</i>	Erskine Clement, <i>Tr.</i>
" ..	Missouri City..	Norton Bros.....	Ex. Norton & Co.
NEB....	Rising City....	Commercial Bank.....	Kountze Bros.
" ..	\$ 3,000	A. Roberts, <i>Pr.</i>	Edwin P. McCollom, <i>Cas.</i>
" ..	Rushville.....	Bank of Rushville.....	.....
" ..	\$ 10,000	W. L. May, <i>Pr.</i>	H. A. Chamberlin, <i>Cas.</i>
" ..	Shelton.....	Meisner's Bank.....	Kountze Bros.
" ..	\$ 37,000	George Meisner, <i>Pr.</i>	W. B. Miller, <i>Cas.</i>
" ..	Staplehurst....	Bank of Staplehurst....	Chemical National Bank.
" ..		Edwin Jeary, <i>Pr.</i>	W. T. Carmichael, <i>Cas.</i>
" ..	Greenwood ....	First National Bank.....	.....
" ..	\$ 50,000	John Fitzgerald, <i>Pr.</i>	N. H. Meeker, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. H....	Newport.....	Citizens' National Bank.. \$ 50,000	L. F. Dodge, <i>Pr.</i> P. A. Johnson, <i>Cas.</i>
OHIO..	Huron.....	The Huron Banking Co.. \$ 25,000	Chase National Bank. Valentine Fries, <i>Pr.</i> H. W. Rand, <i>Cas.</i>
"	.. Plain City.....	Farmers' Bank..... Z. T. Lewis, <i>Pr.</i> C. F. Morgan, <i>Cas.</i>	
OREGON	McMinnville...	First National Bank..... \$ 50,000	Jacob Wortman, <i>Pr.</i> John Wortman, <i>Cas.</i>
"	.. Portland.....	Ainsworth National Bank. \$ 100,000	L. L. Hawkins, <i>Pr.</i> J. P. Marshall, <i>Cas.</i>
"	.. Salem.....	Capital National Bank... \$ 75,000	R. S. Wallace, <i>Pr.</i> J. H. Albert, <i>Cas.</i>
TENN...	Memphis.....	Manhattan Sav'gs Bank & Trust Co. .... \$ 20,000	David P. Hadden, <i>Pr.</i> Jas. Nathan, <i>Tr.</i>
WIS....	So'th Kaukauna	Manufacturers' Bank..... (H. A. Framback)	R. P. Dart, <i>Cas.</i>

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from October No., page 313.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3397	First National Bank..... Devil's Lake, DAK.	Chas. S. Hulbert,	John M. Schwartz,	\$ 50,000
3398	First National Bank..... Redfield, DAK.	Wm. W. Taylor,	H. M. Benedict,	50,000
3399	First National Bank..... McMinnville, OREGON.	Jacob Wortman,	John Wortman,	50,000
3400	First National Bank..... Hillsboro, DAK.	Simon B. Sarles,	E. Y. Sarles,	50,000
3401	Black Hills National Bank..... Rapid City, DAK.	Henry G. Hall,	Herbert S. Hall,	50,000
3402	Ainsworth National Bank..... Portland, OREGON.	L. L. Hawkins.	J. P. Marshall,	100,000
3403	First National Bank..... Greenwood, NEB.	John Fitzgerald.	N. H. Meeker,	50,000
3404	Citizen's National Bank..... Newport, N. H.	Leander F. Dodge.	Perley A. Johnson,	50,000
3405	Capital National Bank..... Salem, OREGON.	R. S. Wallace.	J. H. Albert,	75,000
3406	National Bank of Savannah..... Savannah, GA.	Herman Myers.	Thomas F. Thomson,	200,000

The London *Economist* of October 17 says that the danger of a war in South-Eastern Europe is a matter of "keen interest for all who have any interest in the monetary affairs" of the countries concerned; and, as everybody knows, the number of such persons is greater in London than it is anywhere else. The *Economist* is unable to "see how the Sultan can make war without laying hands on the revenues assigned to the bondholders of Turkey," and opines that "the Roumanian and Greek debts will be also in danger." Russia and Austria enjoy the dignity of being great powers, and it would be neither politic nor polite to say that they may stop paying their debts. The *Economist*, therefore, merely says that if the complications in Eastern Europe continue, "Russia and Austria, if not at war, must place heavy *corps d'armee* on a war footing, which means, of course, spending a vast deal of money, while both those countries find that making both ends meet is about as much as they can do in times of profound peace."

## CHANGES OF PRESIDENT AND CASHIER.

*(Monthly List, continued from October No. page 312.)*

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
CAL....	Nat'l B'k of D. O. Mills & Co. { Sacramento.	S. P. Smith, <i>V. Pr.</i> ..... C. F. Dillman, <i>Ass't Cas.</i> .....	W. E. Chamberlain C. M. Prodger.
"	.. First Nat. Bank, San Diego....	H. L. Story, <i>Pr.</i> .....	J. Gruendike.
CONN....	Thompson Nat. B'k, Thompson	Chas. Arnold, <i>Cas.</i> .....	H. Arnold.
DAK....	First Nat'l Bank, Devil's Lake.	A. O. Whipple, <i>V. Pr.</i> .....	.....
"	.. First National Bank, Hillsboro.	O. C. Sarles, <i>V. Pr.</i> .....	.....
"	.. Minnehaha Nat. B'k, Sioux Falls	C. S. Palmer, <i>V. Pr.</i> .....	.....
DEL....	Central Nat. B'k, Wilmington.	Sam'l McClary, Jr., <i>V. Pr.</i> .....	.....
ILL....	Exchange National Bank, Polo.	John Bingaman, <i>V. Pr.</i> .....	R. Wayne.
IOWA....	First National Bank, Creston..	H. S. Clarke, <i>Pr.</i> .....	S. H. Mallory.
"	.. Bank of Oelwein.....	E. L. Wallace, <i>Cas.</i> .....	C. W. Hodgkinson.
KAN....	Anthony National Bank { Anthony	D. M. Kirkbride, <i>V. Pr.</i> ..... F. D. Denlinger, <i>Ass't Cas.</i> .....	..... .....
"	.. First National Bank, Anthony..	G. D. Thompson, <i>V. Pr.</i> .....	.....
"	.. Burlington Nat. B., Burlington,	C. H. Race, <i>Cas.</i> .....	N. P. Garretson.
"	.. Leavenworth National Bank, { Leavenworth	Edward Carroll, <i>Cas.</i> ....	C. Cunningham.
"	.. Washington N. B., Washington	Andrew Harrington, <i>Pr.</i> .....	P. F. Brown.
MAINE..	First National Bank, Richmond	C. H. T. J. Southard, <i>Pr.</i> .....	Levi Mustard.*
MASS....	Massasoit Nat. B'k, Fall River..	B. D. Davoe, <i>V. Pr.</i> .....	.....
NEB....	City National Bank, { Hastings	C. N. Dilworth, <i>V. Pr.</i> .... Walter G. Clark, <i>Cas.</i> ....	E. S. Fowler. A. A. Sweet.
"	.. First National Bank, { Loup City	Geo. W. Post, <i>V. Pr.</i> ..... A. E. Charlton, <i>Ass't Cas.</i> .....	..... .....
N. MEX.	First National Bank, Socorro..	John Bain, <i>Cas.</i> .....	T. J. Terry, <i>Act'g.</i>
N. Y....	First National Bank, Owego..	W. S. Truman, <i>Cas.</i> .....	O. Truman.
"	.. Troy City Nat'l Bank, Troy....	Geo. A. Stone, <i>Pr.</i> .....	J. B. Pierson.*
OHIO....	First National Bank, Franklin..	L. G. Anderson, <i>Pr.</i> .....	Levi Croll.*
"	.. Xenia National Bank, Xenia, { J. C. Brown, <i>Cas.</i> ..... J. D. Steel, <i>V. Pr.</i> ..... A. S. Frazer, <i>Ass't Cas.</i> .....	John B. Allen, <i>Pr.</i> ..... ..... .....	A. H. Baughman. J. W. Nichols. J. B. Allen.
PA.....	Independence Nat. Bank, Phila.	R. L. Austin, <i>Ass't Cas.</i> .....	.....
R. I....	First Nat'l Bank, Hope Valley	S. R. Richmond, <i>Cas.</i> ....	J. B. Potter.
"	.. Woonsocket National Bank, { Woonsocket	Ira B. Peck, <i>Pr.</i> .....	L. A. Cook.
TENN....	Commercial Nat. B'k, Nashville	R. S. Cowan, <i>Ass't Cas.</i> .....	.....
"	.. First Nat. Bank, Tullahoma....	L. D. Hickerson, Jr., <i>Cas.</i> .....	S. J. Walling, Jr.
TEX....	City Nat. Bank, Fort Worth....	C. B. Dagget, Jr., <i>V. Pr.</i> .....	J. Nichols.
"	.. City Bank of Houston.....	Wm. R. Baker, <i>Pr.</i> .....	B. A. Botts.*
"	.. Concho Nat. Bank, San Angelo	R. B. Talbert, <i>Ass't Cas.</i> .....	.....
WAS. T.	First National Bank, Seattle...	J. R. Lewis, <i>Pr.</i> .....	G. W. Harris.

\* Deceased

## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from October No., page 313.)*

N. Y. CITY	.....	Dater & Timpson; now Timpson & Co.
"	"	..... Heath & Co.; assigned.
"	"	..... H. N. Smith; assigned.
ARK....	Prescott.....	Driggs & Co.; now Nevada Co. Bank.
CAL....	Colton.....	Kleinschmidt, Klinefelt & Newberry; sold to J. Lee & Co.
DAK....	Hillsboro.....	Trall County Bank; now First National Bank.
"	.. Rapid City.....	H. G. Hall & Sons; now Black Hills National Bank.
"	.. Wolsey.....	Bank of Wolsey (Easton, Vance & Co.); now Vance & Burns, proprietors.
IDAHO..	Blackfoot.....	J. T. Morgan & Co.; failed.
ILL....	Bushnell.....	Bank of Bushnell (W. W. Bell); not yet changed to First National Bank.
"	.. Harrisburg.....	Baker, Warford & Co.; now Bank of Harrisburg. J. M. Baker & Co., proprietors.
"	.. Tampico.....	Exchange Bank (F. H. Richardson); gone out of business.
IND....	Greenfield.....	Hughes Bank; resumed by M. A. Hughes.
"	.. Xenia.....	Xenia Bank; gone out of business.
IOWA..	Grundy Centre..	C. Beckman; succeeded by Grundy Co. National Bank.
"	.. Ida Grove.....	Baxter & Rule; succeeded by Baxter, Reed & Co.
"	.. Persia.....	Bank of Persia (B. F. Freeman); now Freeman & Peasley, proprietors.
KAN....	Attica.....	Slayback, Rankin & Nelson; now Slayback, Rankin & Co.
"	.. Cherry Vale.....	Farmers and Citizens' Bank; changed to State Bank.
"	.. Hillsboro.....	German Bank (John J. Funk); now Shupe, Tressler & Lark, proprietors.
"	.. Peabody.....	Peabody Bank (Shupe & Tressler); now Shupe, Tressler & Lark, proprietors.
"	.. Westmoreland..	Exchange Bank; moved to Holton, Kan.
MICH..	Bellaire.....	Bank of Bellaire (Turrell & Albrecht); now Albrecht, Thomson & Co.
MINN..	Waseca.....	Waseca County Bank; liquidating.
MO....	Fredericktown..	Thorne & Co.; closed.
"	.. Norborne.....	Bank of Norborne; out of business.
"	.. St. Louis.....	Safe Deposit Co.; now Safe Deposit and Trust Co.
NEB....	Blue Hill.....	Blue Hill Bank (Simpson & Sweezy); now Simpson & Martin.
"	.. Greenwood....	Salt Creek Valley Bank; now First National Bank.
"	.. Phillips.....	Bank of Phillips (Geo. Proudfit); now John Fonier & Co.
N. Y....	Buffalo.....	H. J. Shuttleworth; failed.
OHIO..	North Amherst..	Bank of North Amherst; assigned.
OREGON	McMinnville...	Bank of McMinnville; now First National Bank.
PA.....	Great Bend....	Geo. Dusenbury & Son; out of business.
TEX....	Henrietta.....	C. W. Israel & Co.; suspended.
"	.. Wichita Falls..	Exchange Bank (C. W. Israel & Co.); suspended.
"	.. Harrold.....	Exchange Bank (C. W. Israel & Co.); suspended.
WIS....	Appleton.....	Manufacturers' National Bank; consolidated with the Commercial National Bank, under latter name.
CANADA	Brigden.....	Lucas, Leacock & Co.; now Brigden Banking Co.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, OCTOBER, 1885.

[illegible]



## NOTES ON THE MONEY MARKET.

## A FINANCIAL AND COMMERCIAL REVIEW.

The month of October has fulfilled the promises it made in our last issue. Business has continued to improve, and prices for almost all staples of commerce and speculation have still further advanced, led by the manufacturing interests and the stock market. The iron and woolen interests have been the most active in the legitimate line, followed by a more decided improvement in the coal trade, while the investment demand for railroad securities has doubled the activity in Wall Street, and advanced prices beyond the highest point in September. The basis of all this improvement has been a steadily increasing consumptive demand for merchandise and investment demand for securities. Upon this, the speculation in stocks has been carried beyond the hopes of the most sanguine bulls of a month ago. Prices have been carried to a point so high as to be regarded dangerous by many conservative houses. Yet, after every reaction the public comes in again and carries them higher than before, without much assistance from the big pools formed in most of the active stocks last summer, when the Trunk Line Settlement was decided upon. These pools, however, have been a sort of safety-valve in the market, which they have supplied with stock on the "bulges" and supported, by renewed purchases, on the "breaks." This policy has been healthful, and by preventing bull or bear panics, the reactions have been natural and the public has not been frightened out of the market. Transactions, as a result, have increased, until the market has now become so broad that pools are unable longer to control it. The prices of Stock Exchange seats indicate the return of prosperity to Wall Street in an advance from \$20,000 three months ago to \$34,000 last week. This is the highest price ever paid, and the daily record of transactions on the Exchange has more than quadrupled. The advance in the rate of call loans from 1@1½ per cent., where they had stood for over a year, to 2@3 per cent., and the decline in the unhealthy surplus bank reserve from 64 millions to less than one-half that abnormal amount, are unerring barometers of permanent improvement. Of course, much of this is due to the enhanced values of Stock Exchange securities, which have advanced an average of twenty-five per cent. from the lowest point, requiring one-quarter more money to carry them than last summer. But the movement of money out of New York, as shown in the reduced bank reserve, is not due to that cause, but to the increased demand from legitimate business. As usual at this season, much of this has gone to move the crops; yet, not as much as an average year, because the wheat crop is not only very short, but very cheap, requiring much less money than usual, as there is a very light movement, except in the Northwest or Spring wheat belt. A good deal of old corn has been coming forward, but the stock in sight to be carried has been light, while the enormous new crop has not yet begun to move, except from the Southwest. The oat movement has been up to an average, as the crop was not only large, but we have had a fair export demand, which is unusual. The hog and beef crops have

been moving freely for the season and the mild weather, and they have absorbed considerable money; yet, prices are so low that the volume is not above an average. With the beginning of the regular packing season on the first of November, the demands from this source must materially increase and may still further advance the rate for money. The cotton movement began early and has been free, and doubtless no increase will be wanted in that direction. Hence, there is abundant evidence that a goodly part of the reduction in the bank reserve has gone into the manufacturing centers, as is shown by the heavy increase in the Exchanges of those sections. But the fears expressed in some quarters that this rapid decrease in the bank reserve might lead to a tight money market, are scarcely well-founded; because, as shown above, the crop-movement demand for money is at its maximum, and will culminate with the close of lake navigation this month, while the manufacturing interests will scarcely require much increased accommodation.

The danger, if there is any, will arise from speculation, which has been carried as far as the condition of the railroads will warrant, before another spring, and their earnings are further increased. Their increase only began with September, in which there was a gratifying change from a heavy deficit in August, as compared with last year, to a slight gain over September, of 1884, in favorable cases, and to a small deficit in others. October returns will no doubt show still further gains. But the advance in stocks since July first has fully discounted all improvement, both in earnings, pooling arrangements, and in general business. Any further advance, in Trunk Line securities at least, before another year, would be illegitimate, and might be dangerous, although the best men in the street predict a bull market for two years to come. It would be the surest way to defeat both its realization and its benefits, however, to overdo the situation and launch the country upon another sea of wild speculation, as in 1879-81, from the wrecks of which we are just recovering. Besides, it must be remembered, in anticipating the future of the money market, that the upward reaction has not yet set in with other speculative articles, than stocks. Manufactured goods have improved in prices, but not raw materials. Indeed, some have been reduced in price for the benefit of the manufacturers who, having disposed of their old stocks at a loss, refused to start up, except at a profit. Where this could not be obtained by an advance on their product, it has had to come off raw materials, which are, therefore, the last staples to improve, and after them, food products, or the raw materials that enter into the consumption of labor, which is over seventy-five per cent. of the average cost of manufacture.

As labor is already demanding, and in most cases obtaining, an advance in prices also, the ability of the wage earners to increase their consumption of food, as well as of manufactured goods, will soon widen the demand for all these products, as the demands of capital for employment have widened the stock market and advanced prices, causing the speculation which we have described. Now, when this comes about, there will be a legitimate advance in all raw and manufactured goods, as there has been in investment securities. Following that, speculation will take hold of those goods and advance them, as stocks have been advanced by it, until the merits of the situation have now been exhausted. When this speculation and activity in produce occurs, the volume of money required to handle and carry supplies, will

increase in the same ratio as it has in stocks, namely, twenty-five per cent. Such an increased demand for money, from that source, added to that from stocks, would require all our circulating medium to be kept in active employment. Hence the danger of carrying the speculation in stocks to a higher range of values, before the present values have been equalized with those of the staples of commerce and manufacture, which should move up together. We do not want to get our financial cart before our commercial horse again, as we did in 1879-81, and have the former tip up and take the horse off his feet and into the air of speculation, to come down on his back, in the slough of depression, in which the horse has been floundering, and the cart sunk, for the last three years. This is the situation in Wall Street to-day, and the relation in which the stock market stands to the money market, the railroads, produce markets, and manufactured goods. It is safe, and should be kept so, by keeping it unchanged.

The market for foreign exchange has been a negative element in business affairs. The demand has been as small as the supply of commercial bills, due to limited exports of all our staples, except cotton, which has moved from Southern ports quite freely since the new crop began to come in. Exports of grain have been at the lowest ebb, so far as wheat was concerned, while those of flour and corn have been only small, and provisions limited. The purchase of railway securities, for London and German account, have had more influence on sterling exchange, than have our imports or exports of merchandise, and those have kept the market weak.

The bond market has been as active as that for stocks, and the advance as great on all the speculative issues, which embrace the roads that have been reconstructed, under the Trunk Line settlement schemes, as well as many others, which are now coming to the front, with this new period of railroad reconstruction, which is likely to see the greatest consolidations that have ever been made, beginning with that of the Vanderbilt system, with all its competing lines, running into New York city.

The programme is now said to embrace the Erie as well as the West Shore and Ontario & Western. The Erie is expected to elect a Vanderbilt director, and rid itself of the lease of the old Atlantic and Great Western, and of the new Chicago and Atlantic connection, in order to make it and Nickel Plate a through line to Chicago. West Shore, Canada Southern, and Michigan Central are booked for another through line to the same point, while New York Central and Lake Shore will still form the old, original Vanderbilt trunk line. It is even asserted that all these roads will be practically operated by one management under a new company, to be formed after the manner of the Pennsylvania Company, which is owned and controlled by the Pennsylvania Railroad to operate all its leased or other roads, under the control of the New York Central. Vanderbilt is also credited with having secured control of the Reading, and, through it, the New Jersey Central, in order to keep the Baltimore & Ohio Road from getting into New York as an independent line, and to compel it to make an arrangement with the Pennsylvania Road for a New York connection. This programme, however, contemplates his turning the Reading over to the Pennsylvania management, practically, though the decision of the Pennsylvania Courts in the case of the South Pennsylvania may necessitate his keeping nominal control of the Jersey

Central. In either case, it practically consolidates all the roads coming into New York from the West under the Vanderbilt and the Pennsylvania systems, except the Delaware, Lackawanna & Western, which is not really a trunk line, although it can connect at Buffalo with the Grand Trunk, unless there is an understanding between it and Vanderbilt to refuse to *pro rate* with the Lackawanna on through business, except at the Trunk Line pool schedule, which is now being prepared for the government of all these lines. On the other hand, the Baltimore & Ohio have refused to come into this pool unless its old status as a New York trunk line is restored by allowing it a percentage of New York business, and it is completing its new line to Philadelphia and preparing to connect with the Reading or Jersey Southern for New York by the first of next January. It may, therefore, prove that the late mysterious activity in Reading stock resulted from a contest between the Baltimore & Ohio and Vanderbilt or the Pennsylvania, to secure control of its management. Otherwise the Baltimore road will be compelled to accept the old terms offered by the Pennsylvania, to reach New York over its lines.

When these schemes are carried out, the New York Central system of railroads will be the largest in the world, instead of the Pennsylvania, as heretofore, and the two will be able to dictate terms to every system in the country that does any New York business; and, as all roads led to Rome, so all lead to New York. How far beyond Chicago the Vanderbilt scheme will extend is not yet known; but with the Northwestern and the Omaha to the Missouri River, and the Northwest building into the Rocky Mountains, it is not likely that it will stop short of the Pacific Ocean. It has already its Cincinnati and St. Louis lines, by which it covers the Ohio and Mississippi Valleys, and connects with the South and South-west. Indeed, it was the object of this gigantic scheme to absolutely control all competing lines and the business of their connections, and to drive out and keep out all competition in the future, except from its ally—the Pennsylvania—with which the most formidable offensive and defensive alliance ever conceived has been formed and is being consolidated. It is this fact, and the ability of the parties to the compact to carry it out, that has so suddenly restored confidence in our railroad properties and in the future value of their securities, which has been reflected in the stock market for three months past, and keeps advancing prices on each new development in this programme. Sound as this basis is, however, the danger we have pointed out is, that it will be overdone by handicapping the commercial and manufacturing interests, with which the transportation interests of the country must go hand in hand, and accept a fair division of the profits of returning prosperity with each other and with labor, if they expect to place the great railroad properties of the country upon a permanently sound and prosperous basis. To accomplish this there must be no more speculative railroad building, not only, but no more stock watering and false capitalization; no more stock jobbing by railroad officials, and no more dishonest management of these properties and fleecing of investors, nor over-taxing of commerce and the public for dividends in excess of the interest yielded on investments of capital in other legitimate business which depends upon the railroads.

Upon such a platform as this, all interests can stand and advance together

on the high road to an era of prosperity upon which this country has now entered, such as it has never before seen. Not speculative booming and kite-flying, but solid, permanent prosperity in legitimate business.

The reports of the New York Clearing-house returns compare as follows:

1885.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Oct. 3..	\$ 330,759,300	\$ 107,091,300	\$ 30,747,900	\$ 385,360,000	\$ 9,905,500	\$ 41,499,200
" 10..	331,900,300	108,472,900	28,505,100	387,298,300	9,923,800	40,153,424
" 17..	335,473,000	105,633,300	27,872,300	387,796,400	9,956,600	36,553,500
" 24..	340,247,100	100,617,300	26,717,500	385,189,600	10,008,600	31,037,400
" 31..	344,360,800	97,034,200	27,517,600	384,479,200	9,992,400	28,432,000

The Boston bank statement is as follows:

1885.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Sept. 26.....	\$ 150,653,500	\$ 8,828,500	\$ 4,576,100	\$ 108,438,100	\$ 21,417,600
Oct. 3.....	151,368,000	8,883,000	4,758,600	110,045,300	21,465,400
" 10.....	152,716,100	8,963,300	4,337,900	112,713,200	21,422,800
" 17.....	153,161,000	8,976,700	4,449,000	114,968,000	21,417,200
" 24.....	153,051,100	8,869,100	4,849,600	115,836,200	21,361,600
" 31.....	153,708,400	8,856,800	5,533,200	115,940,100	21,333,700

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1885.	Loans.	Reserves.	Deposits.	Circulation.
Oct. 3.....	\$ 79,797,300	\$ 27,719,100	\$ 82,951,000	\$ 7,392,500
" 10.....	80,160,900	28,210,700	82,087,100	7,398,500
" 17.....	80,143,200	28,979,000	84,982,500	7,394,500
" 24.....	79,977,200	29,559,300	85,250,100	6,432,500
" 31.....	80,142,700	30,488,600	86,296,800	7,417,500

## DEATHS.

**BARKER.**—On September 30, aged ninety-two years, JOSEPH BARKER, formerly President of the First National Bank, Sing Sing, N. Y.

**BRANNAN.**—On October 10, aged sixty-eight years, Dr. B. F. BRANNAN, President of the Franklin Bank, Cincinnati, Ohio.

**CROLL.**—On August 22, aged fifty-five years, LEVI CROLL, President of the First National Bank, Franklin, Ohio.

**EGGLESTON.**—On October 10, aged forty-four years, EVERARD T. EGGLESTON, Cashier of the State National Bank, Austin, Tex.

**LAWRENCE.**—On October 17, aged seventy-five years, EDWARD LAWRENCE, President of the Bunker Hill National Bank, Boston, Mass.

**LINDERMAN.**—On October 5 aged fifty-five years, G. B. LINDERMAN, President of the Lehigh Valley National Bank, Bethlehem, Pa.

**MCALLISTER.**—On September 23, aged sixty-eight years, ALEXANDER MCALLISTER, of the firm of McAllister & Warren, New Haven, Conn.

**MILES.**—On October 4, aged sixty-one years, RICHARD C. MILES, President of the Belmont Bank, Somerton, Ohio.

**MUSTARD.**—On October 13, aged eighty-three years, LEVI MUSTARD, President of the First National Bank, Richmond, Me.

**PHILLIPS.**—On October 6, aged thirty-one years, J. F. PHILLIPS, Cashier of the Central Bank, White Plains, N. Y.

**WOOD.**—On October 25, aged fifty years, WILLIAM J. WOOD, President of the Connecticut Trust and Safe Deposit Co., Hartford, Conn.

THE

# BANKER'S MAGAZINE

AND

## Statistical Register.

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VOLUME XL.

DECEMBER, 1885.

No. 6.

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### QUESTIONS BEFORE CONGRESS.

By the time this number shall reach our readers Congress will be in session. The session is likely to prove an eventful one. First of all, in the way of financial questions, is the consideration of the silver question. The feeling is very general that the present status must be changed. So general, indeed, is this feeling that, with here and there an exception, the silver men, themselves, are willing to concede something to their opponents. They are by no means willing to abandon the field, nor are those who favor the demonetization of silver likely to get all they desire. A compromise is likely to be struck somewhere, as has been the case with all great questions since the beginning. The history of legislation is the history of compromise, and we suppose always will be. No man or party gains all, and probably the general good is best served in most cases by mutual concession.

The Treasury has been able to maintain the gold standard only by the exercise of a singular policy. This was, to accumulate as much gold as possible, and stop the reduction of the public debt. The surplus, therefore, has been steadily growing larger, and, had business been very active, it is possible that the large accumulation in the Treasury might have been felt in the business world. The condition of trade, however, has been such that, with ample bank deposits and machinery for effecting exchanges, no want of money has been felt, as the low rates clearly prove. Hence, the Treasury has been able to increase the gold balance; but had debt-paying in gold gone on in the usual manner, the gold in the Treasury

would have been reduced to a low figure. This is an extraordinary state of things, yet, as before remarked, could hardly have been prevented. No other alternative could be chosen to maintain the gold standard than to stop the payment of the debt. Of course, payment in silver might have been made, but then, this would have been virtually an abandonment of the gold standard, and would have given rise to serious complainings of lack of good faith and other consequences.

Congress cannot act too quickly in this matter. It is evident enough that silver has reached the saturation point, and a change must be made without delay.

Besides the silver question, reports are frequent that the tariff question is to be reopened, with a view of lowering the duties, or of removing them altogether on raw materials and other products. If this field of controversy is entered by the two houses, it is likely to lead to much discussion and, perhaps, ill-feeling. The protected interests are quite unanimous in their wish to have things let alone. Their opponents are equally emphatic in their views, and insist upon a change. The outcome of such a controversy cannot easily be predicted, because the discussion, if undertaken, is not likely to move along party lines. The weakest point in the present tariff relates rather to the administration of the law than to the rates of duties. The rascality perpetrated under the law especially in the way of undervaluing, has never been equaled. Foreign manufacturers have established agencies in this country, and by consigning to them and requiring all purchases to be made of them, the agents of the Government find it difficult to acquire a true knowledge of the prices of things imported, and consequently, the detection of fraud is not easy. Since the present administration came into power a commendable degree of zeal and efficiency have been shown in ferreting out frauds; but detection is difficult, and enormous quantities of goods have been passed at much less than their proper value. When Congress repealed the moiety law, in 1874, that body went too far the other way in shielding the ill-designing importer.

There is less need of revising the rates, so far as consumers are concerned, for the reason that the prices of nearly all things are low, and it cannot be the wish of Congress to reduce the tariff in order to drive them to a still lower point. For a considerable period prices, as we all know, have been receding. The manufacturers in many cases have lost money, or with difficulty have held their ground. The cases are doubtless few in which profits have been more than very moderate. If such be the fact—and we think no one will question it—why should we think of changing the tariff in order to reduce prices? The only questionable feature, as it seems to us, apart from the providing for a better adminis-

tration of the law, as above explained, is the taxation of raw materials. Possibly Congress can do something in that direction which may be of advantage to the manufacturer and also to the consumer. This, however, is debatable ground. If any attempt in this direction should be made, it would excite sharp controversy.

Another subject on which Congress may well afford to spend more time than has been the custom of late years, is in preparing the appropriation bills. Now, while things are moving along without much friction, the important matters before Congress relate to the appropriating and spending of the public money. The law provides that these bills shall be reported within thirty days from the beginning of the session, and it is a very just law, though, we regret to say, too often is not observed. The Secretary of the Treasury requires the heads of the other departments to make estimates for the ensuing year, and after reporting these to him, the estimates for the Treasury department are added, and the "letter," as it is called, containing all this information is then sent to the House. Of late, the practice has grown of sending supplemental estimates to the Committee on Appropriations, who have found that it is quite useless to act until they have all the data before them. So the first delay in acting, it would seem, is caused by the departments, yet, after getting all the material necessary on which to act, this committee is very slow in making reports, and generally they are not made until near the close of the session, when time for discussion is brief, and so they slip through without much discussion or examination. Congress can introduce a radical reform in reporting these bills promptly, and in examining and discussing them thoroughly, which will receive the hearty commendation of the public. It is time that members should pay more attention to the preparation of these bills. It is true that our country is rich. It may, indeed, be a good policy to spend generously, that is, to undertake many things, to make large purchases, but, in so doing, the same degree of prudence which is shown by a wise individual in buying at the best figures and in the best way, should be practiced by Congress. There is no subject, we imagine, in these times which would more keenly interest the people than a thorough ventilation of these bills, their mode of composition, the items that enter into them, and why and how they are made. Such a discussion would prove beneficial in the highest degree, both to Congressmen and the people.

It may also be questioned whether much would not be gained by dividing these bills among several committees, instead of charging one with their preparation. It is certainly a great task to impose on a dozen men. There are twelve of these bills. Why could not the House be divided into a dozen different bodies, and each body



be charged with a bill; or why could not half-a-dozen of the most important bills be consigned to separate committees consisting of forty or fifty members? In that event, a sub-committee could prepare the outline, and then a general discussion might take place in the committee of fifty, of a thorough nature. In the absence of a consideration of these bills by the whole House, such a discussion in a body of forty or fifty would be the next best thing. If the time of Congress is so limited that little or none can be given to the consideration of such measures, we think the suggestion is well worth consideration, whether the formation of smaller bodies for the consideration of at least the more important bills is not worthy of attention.

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### THE MINT REPORT.

The mint report recently issued is, first of all, a better looking document than its predecessors. Its bright cover, better paper, and heavily-lined tables are improvements that we are glad to note. A better style, as this report shows, can be put into our government publications to advantage. Most of them have a forbidding look, which, doubtless, deters many a one from perusing them. Our doctrine has always been, the drier and more uninviting the subject-matter of a book, the more fully should the printer's art be invoked to render it attractive. Dr. Kimball has shown in this his first report what the printer can do in the way of rendering his report an inviting document.

The report contains several interesting matters, which we shall present elsewhere in the present number. It is a record of the work of the mints for the year, and, of course, is quite like preceding reports in many regards. In it is given an account of the deposits and purchases of bullion at the mints and assay offices, the imports and exports of gold and silver coin and bullion, the amount of coinage at the mints, the amount of silver purchased, the distribution of the silver dollars and their circulation, the mint appropriations, earnings, and expenditures, the earnings and expenses of refineries of the coinage mints and assay office at New York, and several other matters which are followed by a review of the operations of the mints and assay offices in detail.

With regard to the Philadelphia mint, he remarks that the plan of bookkeeping in the general department, apart from its coin and bullion accounts, has for many years failed to fully exhibit the details of the general business of the mint. He says that dependence has been placed on reports and original vouchers by way of record,

instead of maintaining properly classified book accounts. This remark is something of a surprise. The San Francisco mint has a different system. He says it is the only mint that up to the beginning of the present fiscal year has rendered periodically to the Bureau a detailed statement of the general business, or that has afforded evidence of the classification of this business through open accounts with the several operative departments. We suppose that the reason why the San Francisco mint is found to be more thoroughly conducted, is because of the overhauling that was made a few years ago by the Treasury Department. Some irregularities were at that time discovered, and in correcting them, the mode of conducting its business, was reformed. The report is full of interest and value. It is to be regretted that the public does not take a deeper interest in studying such documents, for they are rich in information, prepared with great care. The model citizen will not appear until he does this thing.

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## THE BRITISH INDUSTRIAL SITUATION.

A dispatch (October 31) from London states that the depression in the flax spinning trade of England is very severe; that great mills are on the point of being stopped by it; and that these facts have decided "a number of the English capitalists engaged in flax spinning to close out their investments in that line in Great Britain, and transfer them to the United States." This process of transferring British capital and skill in manufacturing and mining to other countries has been going on for some time in the direction of the continent of Europe, as well as of the United States. When Englishmen find themselves barred out of markets by protective duties, more or less of them will be enterprising enough, or will be driven by necessity, to move themselves and their capital inside of the tariff lines of the countries which keep out their goods and wares by repressive taxation. A good many of them are carrying on large manufacturing and mining operations in France and Germany, and we notice recently that English newspapers are pointing out the opening for their cotton manufacturers in Italy, which now imposes high duties on cotton yarns and cloths. There have been many cases of the transfer of British capital to this country, to be employed in manufacturing and mining, of which the latest and most noticeable has been the movement of British ironmasters to Alabama, for the purpose of availing themselves of the extraordinary facilities which it offers for the production of pig iron. Similar transfers to British colonies and de-

pendencies are going on all the time, prompted by the desire to get inside of the protective tariff defences of such of the colonies as are self-governing, and, in the case of India, by the desire to avail themselves of its fabulously cheap labor.

Cobden and his associates predicted, and doubtless believed, that within a few years after the repeal of the British corn laws, mankind would be all converted to free trade by being permitted to furnish food and raw materials to England without payment of duties. It has turned out, in fact, that the United States and the nations of continental Europe have taken an entirely different view of the effect upon themselves, of accepting the rôle of producers of raw materials, and of leaving to Great Britain the profits of being the exclusive workshop of the world; instead of being entrapped into free trade by the bait of the repeal of the British corn laws, they have even since inclined more and more towards protection. France, adopting the ideas of the first Napoleon, has been steadily on that side since the beginning of the century, and now all the other strong and great countries on the European continent, Germany, Italy, Austro-Hungary, and Russia, have completely rejected the free trade political economy, which is manufactured to order by British writers, and have planted themselves upon the sound doctrine that diversified home industries are essential to national independence and civilization, as well as most promotive of national wealth.

The English, always proverbial for the tenacity of their opinions, have not yet fully given up the idea of retaining the primary in manufacturing for the world, which they obtained legitimately during the eighteenth century, by originating the steam-engine, the spinning-jenny, and the power-loom. The control which they hold by arms over India, gives them free access to the markets of half of Asia, and they still cling to the hope that they can conquer more or less of Europe and America by the literary *propaganda* of free trade sophisms, whom they keep constantly under pay and in active service.

It was under the yet lingering British belief in the prophecies of Cobden and Bright that the repeal of the corn laws would make England the workshop of the world, that Sir John Lubbock predicted a few weeks ago, that the British islands would in another century contain one hundred millions of people, and instead of importing, as at present, £150,000,000 of food products, would import to the amount of £400,000,000, or two thousand million dollars. That vision of boundless industrial expansion and wealth must be so pleasing to British imagination, that Sir John's predictions will find there many ready acceptors. To observers from other points of view, the quite different fact seems plain, that England has nearly, if not quite, reached the maximum of it

possible manufacturing and commercial growth, and can only, with the greatest difficulty, hold the position it now occupies against the formidable competition which is arising on so many sides.

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## FRENCH FINANCES.

Half a dozen years ago, Beaulieu, the editor of the *Economiste Francais*, was the most enthusiastic of the optimists in respect to French finance. Nothing delighted him more than to array figures showing the great surplus of the revenue, and he allowed no week to pass without demanding an immediate and great reduction of the taxes. He is now on the other tack, and is devoting his versatile and brilliant pen to pointing out the impending bankruptcy of France. Unfortunately, there is better ground for his present, than for his former opinions. The inherent difficulty of the case is, that the French government is largely controlled, in matters of finance, by a mob of Parisian speculators in money and public loans, who care for nothing except their own temporary profits, and who are all hoping that they can themselves individually escape the consequences of the general crash which they must know that they are preparing for their country.

At the downfall of the second Napoleon, in 1870, the consolidated French debt was \$1,530,000,000. At the end of 1873, as a consequence of the disasters attending the war with Germany, the consolidated debt had increased to 19,722 million francs (\$3,944,400,000), the interest charge upon it being 706,116,867 francs (\$141,223,373). The estimates are, that at the end of 1884, there had been added \$2,055,000,000 of what is described as "redeemable and floating debt," thus making a grand aggregate of \$5,999,400,000, or, in round numbers, six thousand million dollars. Whatever the exact figure was at the end of 1884, it is certain that it has since been largely increased, by subsidies to railroads, internal improvements of various kinds, and war operations in China, Tonquin, and Madagascar. Nobody in France seems to know what the sum total of the costs of those distant enterprises will be when the accounts are all in, but that it will be very great is admitted on all hands.

The annual public revenue of France is about \$600,000,000, and this is made to meet the annual ordinary expenditure, by the easy method of not including under the head of ordinary expenditures any sums which would swell the aggregate beyond the revenue. In this way the appearance of a deficit has been avoided, and may continue to be to the end of time. But the actual deficit is not

made the less real, by the device of calling certain expenses extraordinary.

Taxation in France is already so heavy, and so searching, that it has become difficult to find additional resources. Subjecting the dividends on the public debt to an income tax is proposed in some quarters, but Leon Say, who has always resisted that, has recently said that it was wholly inadmissible, in a political sense, in a country where there are four million holders of the public debt, or, as we should express it in this country, four million bondholders. The English have been long accustomed to an income tax on their National securities, but to the French it would be something new, and would wear the aspect of a partial repudiation. Without doubt, they could be reconciled to it after a while, and especially if they could be made to believe that the only other alternative was a total repudiation.

While the French dealers and jobbers in funded debts, and money speculators generally, are thorough gamblers, French politicians are equally reckless in their struggles with each other for the control of the government. If the men in power are disposed to pursue a pacific and prudent policy, the men out of power denounce them as recreant to the National honor, and few cabinets can sustain themselves against denunciations of that kind, with a people as sensitive as the French are in respect to the military prestige and glory of their country. It was by the clamors of the politicians on the opposition side of the Chambers, led by nimble and unscrupulous orators like Thiers, that Napoleon III. was forced, in 1870, into the war with Germany, which cost his family the loss of a throne, and subjected France to a defeat, humiliation and spoliation which have had few parallels in the history of the world. And yet, fresh as that terrible experience is, it is quite within the possibilities that France may be, before long, again goaded by demagogues into some great war, fatal as it certainly would be to the maintenance of its public credit, and imminent as the hazard would be that a political and, perhaps, social revolution would be one of the consequences of a break-down in its finances. But, aside from the contingency of a great war, France may sustain its financial burdens for a long time yet, thanks to the admirable thrift and industry of its people, and to the stability which it derives from the minute sub-division of the ownership of land.

France is not the only part of Europe which is exposed to the danger of an explosion. John Bright has recently expressed the opinion that the whole of it was "marching towards a great catastrophe" under the devouring taxation imposed by its vast armaments, and even that load, intolerable as it is, is not so oppressive as the mad excess to which the European nations have pushed

their debt and funding systems. If the explosion does come at last, we cannot on this side of the Atlantic wholly escape being injured by it, but the extent of the injury to us will be diminished by steadily reducing our financial and commercial connections with that part of the world to a minimum. The course of events is steadily tending towards such a reduction. Our manufacturers are, year by year, acquiring more power to hold our markets against the importation of European goods, although they are as yet sold here in great quantities. On the other hand, it is certain that our exportation to Europe of food products, and especially of the cereals, already greatly interfered with by the competition of other nations, will, in no long time, become inconsiderable. Altogether, the circumstances are all changing in a direction which will reduce the trade between the United States and Europe to very narrow limits, as compared with its present volume.

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## FINANCIAL FACTS AND OPINIONS.

The exchange at the United States Treasury in New York on gold bars for gold coin, weight for weight, amounted to \$25,800,799 during the fiscal year ending June 30, 1884, and to \$2,065,021 during the fiscal year ending June 30, 1885. Such bars are wanted only for export, and will not be called for except when the balance of our foreign trade is adverse, as it occasionally will be. To whatever extent such exchanges, which were first authorized in the summer of 1882, are made, the Government saves the expense of moving the gold to and from the mints, and of coining it. There is no present occasion for coining any of the gold bars now owned by the Treasury.

The Director of the Mint estimates the gold coin in this country on the 30th of last June at \$542,000,000, to which is to be added \$66,847,095 of gold bullion held for coinage in the mints and assay offices, making a total of \$608,847,095. Of this total, \$120,070,255 was owned by the Treasury, and \$165,646,122 by the National banks in the form of either gold certificates or of the metal itself. During the year ending on the 30th of last June our gold money stock was increased \$18,213,804, by an excess of imports over exports, and about as much more by the excess of our home production of gold beyond the amount consumed in the arts. During July, August and September the import of gold was \$4,308,435, and the export, \$1,840,455. With the present yield of our gold mines we can supply our consumption of it in the arts, and submit to an annual average net export of \$20,000,000, without reducing the quan-

tity in monetary use. Any greater net export than that would, in the opinion of many economists, involve the risk of depreciating our currency below the standard of gold. In the opinion of other economists a reduction of one or two hundred millions of dollars in our stock of gold by shipments to Europe would not be dangerous in any way, while it would be useful to us by raising prices in the countries which are the principal customers for what we sell abroad. These conflicting opinions will, however, in no manner affect the actual flow of gold, which will be inward or outward, according to the fluctuations in the balances of our foreign trade.

A statement has been published in Paris of the pledges of the lately-elected members of the Senate and Chamber of Deputies, from which it would appear that only thirteen had committed themselves to free trade, against 202 committed to the tariff protection of agriculture. If this statement is approximately correct, there is little ground to expect that the higher duties recently imposed upon cereals, meats, &c., will be relaxed, and it is more likely that they will be still further raised. Two hundred and forty-four are pledged to reduce the term of military service to three years, while the still larger number of 277 are pledged against colonial conquests, which are indications that the foreign policy of France may hereafter be less enterprising. One hundred and seventy-seven are pledged to an income tax, and it seems to be understood that, if such a tax is imposed, it will include the dividends on the National debt.

At the end of October the depreciation of the currency of the Argentine Confederation, which consists of irredeemable bank paper, was such that the premium on gold, or what is the same thing, the premium on bills of exchange on London, was 46 per cent. This is more than double the premium on London exchange sold in Calcutta for Indian silver rupees. If the premium on gold in India stimulates Indian exports, as European authorities generally agree that it does, it might seem that the greater premium in the Argentine Confederation must act as a still more powerful stimulant there in the same direction; and so it would, if all the conditions were the same in the Argentine Confederation as in India. In the latter country the silver or rupee currency has not lost any of its old purchasing power as respects either labor or materials, so that everything can be produced there at the same cost in rupees as before the divergence of the last dozen years between gold and silver as bullion. But, upon anything produced in India and salable in England for a pound sterling, the Indian exporter realizes now twelve rupees, instead of ten, as formerly, and that is equally true of Indian exports to any other gold standard country. But this gain will be lost when, if ever, there is such a depreciation in India of the rupee relatively to commodities and labor,

that twelve rupees will only go as far in purchases as ten do now. The rupee is an old and established currency, Indian prices have been made in it for a very long period, and the material of which it is made is intrinsically valuable. It is not at all probable that the irredeemable bank paper of the Argentine Confederation can enjoy the steadiness of value of the rupee or anything approximating to it.

Soetbeer estimates the production of gold in the world during 1884 at \$93,000,000. The new Director of the American Mint estimates it at \$95,000,000, which is one million dollars more than the production of gold during 1883, as estimated by Judge Burchard, the late Director. Soetbeer's estimate of the average annual production during the decade ending with 1860 was \$134,000,000, and it seems during the subsequent twenty-five years to have been steadily, though slowly, declining.

M. de Lesseps still keeps up his own courage about the Panama enterprise, and may possibly inspire other Frenchmen with some share of it. The stock capital of the Canal Company is 300 million francs, of which one-half has been paid in. He has now issued a call for the payment of another fourth, or 75 million francs, to be paid at the beginning of next February. He promises the stockholders that he will soon create a new issue of bonds to the amount of 600 millions of francs, and believes they will be subscribed for. He assures them that if sufficient means can be secured, the contractors can complete the canal in 1888, and that, although it will cost double what the Suez enterprise did, it will pay a larger rate of income upon the money invested. The world will soon find out how much more funds M. de Lesseps can raise, and will find out later on whether the physical obstacles to the scheme can be overcome.

The Vienna correspondent of the London *Economist*, of Nov. 7, 1885, says:

The leading German and Austro-Hungarian economists are of opinion that both countries have to observe an attitude of expectancy until it is seen what is to be the fate of the Bland Bill, and how the Latin Union is to be arranged.

The London correspondence of a city paper states that Irish landlords are "mortgaged up to their eyes with London bankers and usurers," and that this is the reason why they are not able to abate any of their rents. Also, that when the new Parliament begins to legislate on the Irish land question, "it will be shown to be, like the Egyptian question, chiefly a bondholders' one." We are ourselves of the opinion, that the Irish land legislation of the present Parliament was greatly influenced by the owners of Irish lands, who are, in many cases, mortgagors. They naturally want a strong, cash customer, like the British government, for their some-



what undesirable property, and while they talk benevolently about the advantage of enabling the Irish peasantry to acquire little homesteads for themselves and their families, what they really mean is a good price, in bright gold, for something they wish to sell. The leaders of the Irish National party advise Irish farmers to be chary of buying at present, and to wait until prices fall to a lower level.

Mr. Manton Marble, of this city, was selected last spring by President Cleveland, as a suitable person to visit several of the European capitals, and among others, Berlin, for the purpose of explaining the desire of the Administration to inaugurate some measures looking to the establishment of international bi-metallism, and of ascertaining what probability there is of co-operation by England, Germany, and other leading nations. Of course, the views of our Government could have been presented through the corps of accomplished diplomats which we constantly maintain on the other side of the Atlantic. But it was thought, we suppose, that the appointment of a special representative on this special subject would more effectively impress Europe with the urgency of the desire of the present Administration that something should be accomplished.

The Vienna correspondent of the London *Economist* seems to have understood that Mr. Marble was sent out "as the representative of the silver party of the United States," but we incline to the opinion that that view of the case is erroneous.

Of course, the official reports of Mr. Marble, which are understood to be voluminous and exhaustive, have not yet been given to the public, and it is not probable that any of them will be until they have first been transmitted to Congress. A part of them, no doubt, are of such a confidential nature that they will always be reserved in the secret archives of the State Department. But in this case, as almost always happens in similar cases, the general complexion of the results of Mr. Marble's mission has leaked out, and it is not favorable to the present expectation of any bi-metallic arrangement to which either England or Germany will be an assenting party. How much of a disappointment this may be to Mr. Marble personally, we are not advised, but it may be presumed to be a disappointment to the Administration, which would certainly not have imposed upon the country the various expenses of sending him to Europe without some degree of expectation that it would terminate in a success.

At the Free Trade Convention held last month in Chicago, in which David A. Wells and Henry Ward Beecher were prominent figures, a resolution was adopted in favor of the repeal of the duties on all "articles that are at the foundation of great industries," and specifically naming as among such articles, lumber, salt,

coal, wool, pig iron, tin plate, and wood pulp. After this enumeration the resolution leaves a wide range to the imagination, by adding the words *et cetera*. Without that addition the resolution presents an issue which is altogether outside the range of practical politics. No bill which assails the capital and labor employed in natural production, which are of vital importance, not only to many States, but to large groups of States, will ever command serious support in Congress, however interesting the discussion of it may be to debating societies, to *amateur* statesmen, or to *doctrinaires* who have a good deal of idle time on their hands.

In the middle of last month, \$90,000 of the four-per-cent. bonds of the city of Schenectady, payable in installments from 1902 to 1917, were offered for public bids and sold for 113. This is said to be the highest price paid for municipal bonds in this State, but better sales have been made in some instances by Massachusetts cities and towns.

Hon. W. F. Scott, a democratic member of the House of Representatives from the Erie district, in Pennsylvania addressed a letter last month to a city paper (the *Commercial Bulletin*), in which he says that, in his judgment, "there is ample gold in the world to transact all the commercial business of the world."

Mr. Scott's view is, that while it costs as much labor in the present century to mine gold as it did in the first century, the cost of silver has been much reduced by machinery, improved smelting processes, railroads, &c., and that this "must inevitably result in a large increase of silver over gold." He thinks, therefore, that to continue silver as a full legal tender, with or without international arrangements, "must result, not in a depression of values, but in a false appreciation of values."

The *Scottish Banking Magazine* for last month says that while there are different opinions as to the future prospects of British commercial and manufacturing business, the reports of its present condition "are now almost uniformly unfavorable, and in some cases indicate even an increased degree of depression." It adds, in reference to iron in particular, that a recent advance in it "has now been almost wholly lost," and that statements are made "that large works are about to be closed for an indefinite period." Its conclusion upon the whole is, that "there is certainly nothing in the state of trade on which to base the expectation of an early revival."

The London *Economist*, of November 14, reviewing the trade of October, reports prices as, upon the whole, still declining.

The revival of prices here, in respect to some articles, from extreme points reached during last summer, was not large enough to cause an increased importation of the things upon which we maintain protective duties. Steel rails, for example, have risen here perhaps more than anything else, but the \$17-per-ton duty is still suf-

ficient to keep them out. In 1879-80 the rise was so great that, notwithstanding the then existing duty of \$28 per ton, an immense quantity of British rails, of both steel and iron, was sold here. In this and many other cases the improvement in prices in this country has been too small to be of any advantage to England, and, aside from such an impulse as it received in 1879-80 from the United States, no cause for a business revival there, or, indeed, in any part of Europe, seems as yet to manifest itself.

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### OUR FUTURE MONEY.

No subject before the American people to-day deserves, and, in our opinion, will receive more profound and deliberate consideration than that which relates to the constituent of our future money. In a very important sense, a crisis may be said to have been reached in our monetary affairs—a crisis as real and important in its far-reaching tendencies and results as that of 1861 or 1879. For seven years now, we have been a bimetallic nation—bimetallic in fact, as well as in theory, most of the period. Previous to 1878 we were for five years a monometallic people, by virtue of the practical operation of a law passed in 1873, and confirmed by legal enactment in 1874, discarding silver. Since 1878 we have been witness to the free coinage of silver, and the simultaneous use of gold when desired. As a nation we are not strangers to the use of paper currency, both National and bank, and can bear testimony to the relative merits of each as a business medium. Such, in brief, has been our financial history during the past twenty years, not to go back farther than that. If that history has been of any value, it must have taught us a few lessons in practical statesmanship, which we may well employ in the final solution of many of the perplexing problems which confront us at this juncture.

As a nation we must not take one step backward; we cannot afford to. We do not stand in the same relation to this matter that we did a quarter of a century ago. The excuses once employed in justification of what proved to be unwise action, will no longer answer in the presence of history and experience. We are indebted to the past, but not to imitate its follies. We owe allegiance to those principles which have been found to be enduring and of which experience, however varied, never fails to approve. We owe it to history, we owe it to other nations, we owe it most of all to ourselves, not to act unwisely in deciding a question of so much importance as this one: What shall constitute our monetary standard?

Other nations are interested in what our decision shall be, more, perhaps, than we imagine. The question of the "standards" is to-day more of an international one than ever before. There is not a country of importance which is not considering with all seriousness this momentous question, although some are more conspicuous in the matter than others. It will not do to trust entirely to appearances either. The real attitude of some of the leading participants in the discussion, it is not safe to predict at this distance. It is safe to infer, however, that the governments in question will approach the subject from the purely selfish standpoint of immediate local interest, unless they are prompted to a broader and better view by some outside influence. And the one all-important, and, as we think, decisive influence which will operate in settling the question, for the present, at least, is the action of the United States government. It is not, then, alone our privilege, but, in the presence of history, it becomes our duty to dictate a policy to the world, such as will do credit to a nation, which, "as far as human wisdom can penetrate, is destined to be the most numerous, rich, and powerful nation in the world, and must have an importance in coming time of which even Americans are barely conscious."

The question of our future money, in the form in which it presents itself to-day, is twofold, namely: What shall be the status of gold and silver? and, secondly, To what extent and under what conditions shall a paper substitute or representative be employed? Under the last consideration the question of the National bank circulation, whether it ought to be continued, and to what extent, arises. These two questions, and important ones they are certainly, must engage our attention in the immediate future, and upon their successful and wise solution hangs a long series of important results.

One of the most serious evidences manifest in connection with any discussion of the money question, is the fact of so many and widely divergent views held by our legislators. These views are some of them honest, many selfish, and, alas! too few wise or statesmanlike. Just here is the difficulty. If we could depend upon the final policy as being altogether the best, our apprehension might well be laid aside. But what we have most to fear is, that some ill-advised compromise measure will, under the pressure of the moment, prevail, procuring for us a remedy not much better than the original complaint. There is that which looks like a tendency in this direction to-day, among those who will be called upon to consider the subject at our forthcoming Congress. What is to be done? There are few things safer, in the long run, in deciding any question of moment than an appeal to history. History, properly read, is no uncertain arbiter. The old adage, "History

repeats itself," has more than a kernel of truth contained in it. This is, in a very peculiar and important sense, true in questions of money and finance. This stream always runs in the same channel. There are a few laws which govern, and, like those of the Medes and Persians, they are unalterable. In questions of money and finance, it is hardly possible to mention a contingency to which in history a parallel cannot be found. There is no form of money or circulating medium in use to-day that has not been employed before in the history of some nation. We may not find it in the same exact form, or existing under precisely similar conditions—probably will not—in one country as in another, but the essential principle will be found to be identical. Having, then, confidence in historic precedent as a groundwork for future action, we propose to outline briefly some of the elements which in our opinion go to form a sound National currency, supporting our opinions by reference very largely to historic facts. We propose, also, to examine some of the objections raised against particular forms and methods, and, where advisable, suggest possible remedies.

#### GOLD AND SILVER.

From the dawn of civilization, and even before that, among savage nations, gold and silver have always been regarded as precious. They have always possessed this quality pre-eminently and without dispute. Intrinsic worth, united with availability and adaptability, have been their chief recommendation for universal use as money. From the abandonment of the rude forms of barter by any people, these two metals have soon found their place as a measure of value and medium of exchange. And, where they have been once used as money, they have never been entirely discarded as such. These facts are too evident, and too universally acknowledged, to require collateral support.

Again, it has been found that through the centuries gold and silver have sustained a more uniform and even relation the one to the other, than any other two metals or commodities that can be mentioned. This fact may not be equally well known, but is susceptible of the fullest demonstration.\*

Furthermore, the mean relation of the two metals during the last century and a-half has not practically varied. The relation of 1 to 15½ has been the approximate ratio most of the time. There have been, it is true, slight oscillations of relative value at times, consequent upon new discoveries, notably during the decade, or a little more from 1848 to 1860; but they have been few and far between, when compared with those fluctuations ascribable solely to legislative interference on the part of some one or more

\* See "The Silver Question," by Geo. M. Weston. Page 117, and on further.

governments for most of the time during the present century.\* Speaking in general terms, down to the beginning of the present century the nations of the world were bimetallic, employing both gold and silver as a circulating medium. The English employed the "double standard" until 1816, and found it both beneficial and reliable. The experience of France, since 1803, when the law of the "double standard," as it has been called, was enacted in that country, has been very satisfactory, in spite of the varying and vacillating policies of the neighboring powers. In short, the practice of legislating one metal or the other into, or out of, the condition of money, is an entirely modern idea, and not warranted by sound reason, as we shall endeavor to demonstrate later on.

It is hardly necessary to say that the uniform relative value of gold and silver referred to, could not have been maintained in the face of important additions to the stock of each from time to time, if, like other natural productions, they had not been affected by the universal law of supply and demand. One nation after another has come to employ one or both of the metals as money as the supply has augmented, while the demand, incident to the natural developments of the arts with the progress of civilization and refinement has been a constantly increasing factor. The actual loss of wealth to the world during the ages from the unavoidable abrasion of coin in use, also constitutes an item in our calculation which must not be lost sight of. The availability, then, of the precious metals, and the fact that they have always had a world-wide value constitute one of the chief recommendations to their use as money. Another consideration of importance, and equally well-known and recognized, is the peculiar adaptability of these two metals to the uses to which they are put. Great value in small compass is the universal requisite for money.

Along with this, and equally important, is divisibility, by virtue of which the metals may be adapted to small payments in value. Just here lies one of the strong recommendations for the use of *both* gold and silver as the circulating medium of any country. Silver weighs twenty times as much as gold for the same value. A gold dollar weighs 23 grains, a silver dollar 460 grains. It has been found in practice that there is danger attending the use of gold coin in a smaller denomination than the five-dollar piece. The two dollar and a-half gold piece, for instance, is frequently passed for a cent, which it closely resembles in color and size; while the inconvenience and danger in the use of the dollar piece, to say nothing of the fractional parts of the dollar, are familiar to everyone. Here, then, is the province for silver. Coin, less in value than five dollars, should be struck only in this metal, while larger

\* For a very clear elucidation of this point, see "The Silver Question," by Geo. M. Weston; "Money," Chas. Moran, 1863; "Fall in Gold," M. Chevalier, 1857.

denominations are more serviceable, because only one-twentieth part as heavy, in the form of gold coin. We have found, then, another attribute of gold and silver, constituting them *par excellence* the money-metals of the world. And in the respect that we have found them adapted by weight and bulk for use in different denominations respectively, we find that we are but interpreting the experience of history in this particular.

Thus far, it has simply been our endeavor to illustrate what is quite generally recognized, that gold and silver are adapted pre-eminently for use as money, and that we have historic precedent as well as intrinsic merit to recommend them.

We now come to the consideration to what extent gold and silver have been used by different nations, which will lead us to the further consideration of the relative merits of monometallism and bimetallism, as illustrated in history.

There is no record of a civilized nation which at some time has not employed either gold or silver, or both, as money. And at the present time there is not a government of importance on the face of the globe that has not, to some extent, a coinage of its own.

The United States uses gold and silver; England, gold, with a token coinage of silver, although the law is such that the Bank of England *may* hold one-fifth of its reserve in silver. France, Belgium, Switzerland, and Italy together constituting the Latin Union, employ both gold and silver. Germany is now on a gold basis; it would not be wise, however, to predict how long this condition of things will last, in view of its itinerant policy in the past. The Scandinavian States employ gold exclusively, and Holland, at last accounts, was "in a straight betwixt two." India holds by a sort of compulsion to its time-honored standard of silver, and, in this respect, it keeps close fellowship with the "Celestial Empire" to the East.

This enumeration might be continued in respect to several other less important governments, if it were necessary. What has been said, however, goes to show that, taking the nations together, gold is more generally employed, with or without silver, than is silver alone, which is the fact.

It ought to be stated in this connection that, according to the most authentic computations, the relative stocks of gold and silver in the world are about equal in value, silver leading by a small fraction. If this is true, it is quite evident that neither metal has the preference as regards volume, for use as the universal money. Consequently, when we come to consider the subject in an international sense, it would seem to be impossible to employ either metal universally, without seriously disturbing the existing value of the one so employed, causing a corresponding effect upon prices and

all commercial values. In other words, in the event of such a transition to a single metal, we would have presented to us all the evils of a contracted currency, which, in the long run, are more manifold and disastrous, because most affecting the debtor class, than the evils of expansion. The stocks of gold and of silver are each held at their present relative value because of a constant more or less active demand. Double that demand, or increase it by one-half, or one-third, and you have as a resultant a corresponding effect on prices, and on all forms of existing debt. Prices will fall, and debts will have their pre-existing burdens increased. No reasoning can be plainer than this. Neither are we justified in assuming the position occupied by Jevons and some of his school of gold monometallists, who advocate gold for some countries and silver for others, always assuming, of course, that England shall have the privilege of selecting its own metal. This is not just. This is assuming a commercial pre-eminence for some nations not enjoyed or allotted to others. For no one can deny that under any possible allotment that would be made, the use of silver would be largely confined to the East, and hence would still become the cheaper metal, as it always has been the most cumbersome and the least adapted for large payments. In discussing questions of international bearing, we should be candid and liberal enough to grant to others the same privileges and opportunities that we seek to enjoy ourselves. This is especially true when there appears to be no reasonable objection to an adjustment which would operate with equal beneficence for all.

If, now, we look briefly into the history of the operations of the monetary standards employed by different governments, we may obtain some valuable hints. As has been already intimated, France adopted the "double standard," as the use of gold and silver jointly has been unwisely called, in 1803. This was not a sudden, spasmodic act on the part of that government, but was the result of the combined wisdom of its profoundest thinkers, covering a period of thirteen years. And the deliberation in the choice has only been surpassed by the unerring tenacity with which its financial policy has been maintained in the face of opposition. While the contiguous nations have, almost without exception, oscillated back and forth, from one metal to the other, with the changeable tide of what seemed to be a popular sentiment, France has steadfastly adhered to its original policy. During about the same period that France has been an adherent of the bimetallic policy, England has supported the single standard of gold. Here, then, is an opportunity for a comparison. During the time, it is found that the extreme variations in the relative value of the two metals in France has been from one-tenth to one-fourth of one per cent. per annum, while in England, at London, those variations have frequently been from two to ten per cent. These figures are very significant. If steadiness in



value is one of the attributes of a sound money policy, then gold and silver together, would seem to possess this attribute more distinctly than gold alone. We do not think this fact is denied, even by some professed monometallists. Jevons \* uses, in illustration of this point, the familiar figure of two reservoirs connected by a pipe; any accession to the liquid in one, affecting its level, is felt and shared by the other. It is not less true in the practical working of the two metals, when used conjointly by any nation. Lord Liverpool may be said to be the author of the single standard in England. He advocated it because he *imagined* that the flux and reflux of the metals, maintaining, as we have seen, the desired equilibrium of relative value, was detrimental to the interests of trade. On what reliable data he based his opinion, we have failed to find. While France has jogged along serenely under the pleasant inspiration of a sound and uniform money, presenting to the world financial capabilities of surpassing magnitude in settling war indemnities, and in other lesser transactions, England has been forced periodically to hedge about its system by artificial barriers of bank rates and foreign importations. In 1821 the demand for gold by England was so great that a large proportion of our gold left us, and, for a time, silver became our principal money medium. And the practice, in London, of varying the bank rate of discount, for the purpose of protecting its gold supply, is too common to call for special mention.

The unusual gold discoveries from 1848-52, in Australia and California, did more to disturb the serenity of the gold-using nations than any influence before or since. Without reason, and apparently without reflection, those nations began, as with common consent, to demonetize gold, not realizing, apparently, that their action would do more to disturb the value of the metal than the discoveries alone, twice repeated. And the sudden and quite decided downward trend at this juncture was largely the practical effect of demonetization. Germany demonetized gold in 1850, and Belgium followed her example. Holland also demonetized the same metal about the same time, giving as a reason, however, "Because England, which then almost alone had the standard of gold, was *subject to frequent monetary crises*, and that, by adopting the same rule, we should run the risk of being involved in those crises."† After the disturbance caused by the demonetization of gold had subsided, or, rather, had distributed itself, the natural order of things was, after a time, restored. Silver was continued as the monetary unit of Germany until 1870, when the payment of the fabulous war indemnity in gold by France led the Government to consider and adopt the single gold standard again. Belgium afterward be

\* "Money and Mechanism of Exchange."

† Professor S. Vissering, University of Leyden.

came a member of the Latin Monetary Union, under which it adopted the bimetallic policy. During all these changes, as has been said, France was constant in its attachment to its original policy, and profited accordingly. Whenever, as following the California gold discoveries, or later when silver was again demonetized, the other Governments considered it wise to prohibit the coinage of either metal, because of some fancy that it was permanently losing its value, France found herself in a position to secure a handsome return by the sale of the particular metal which, for the time being, was most popular. In this manner France, within twenty years, made two profits, and found herself, at the end, in the same condition as at the beginning. And, during these periods of transition, it is generally believed that the bimetallism of France was acting as a powerful agent to prevent those rapid and decided variations in value which must assuredly have occurred without its beneficent influence. In fact, this is regarded as one of the laws of bimetallism. The increase or decrease in the supply of either metal affects the volume, and hence the value of both when employed simultaneously, proportionately less than when they are used singly. From the first, the bimetallism of France has had a beneficent influence upon the diverse monetary operations of the rest of the world, and it is yet to be shown that, so far as that Government itself is concerned, it has suffered any detriment.

WILLIAM WOODWARD.

[ TO BE CONCLUDED IN OUR NEXT NUMBER. ]

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## SILVER.

THE conference during the past summer between the Associated Banks of New York and the Treasurer of the United States, and their subsequent exchange of six millions of gold for fractional silver, indicates how firmly they have determined to prevent the use of silver or silver certificates at the Clearing-house, and how earnest will be their efforts to stop the coinage of silver and limit the issue of these certificates. They fear that sooner or later the continued coinage of twenty-eight millions of silver will so expand and dilute the currency that our gold would be exported and our currency reduced to a "silver basis," causing great loss to the banks and their depositors and customers, inflicting great injury on the commercial interests of all engaged in foreign trade, and imposing on the country the evils of a depreciated currency.

No one can blame the banks for opposing with all their power

the transformation of our currency from its present condition of a bimetallic basis of gold and silver, to an exclusive currency of silver, or of notes redeemable in that medium. Their bills receivable are now payable in gold or its equivalent, and these amount to many hundreds of millions. Their deposits are as much more; their customers, who make up the merchants and capitalists of New York, have debts due to them from the country merchants and from the corporations, cities, and States of the Union, much larger than the bills receivable and deposits of the banks, and the transformation of these vast amounts from gold to silver would involve a loss of hundreds of millions of dollars. To struggle against such a loss is a duty they owe to their stockholders and their fellow citizens.

The country would not, however, lose one farthing by this change. Its houses and lands, its mills and machinery, and the manufactures they produce, its agricultural and mineral products,—every article produced by human labor and capital would remain unchanged in value, and the country would be as rich as before. The only alteration would be in the obligations of the people to one another. The notes and bonds and debts of every kind now payable in gold or its equivalent, would be payable in silver, whose bullion value is fifteen or sixteen per cent. less than that of gold. Every creditor would be poorer, and every debtor richer, by precisely the same amount. The loss of the one would be the gain of the other, and the country, taken as a whole, would neither be richer nor poorer by the change. Nominally, the wealth of the people would be increased. They would be worth more dollars, but the dollars would be less valuable. Their debts abroad would be met as easily as before when payable in gold, for they are really paid by the export of merchandise whose price in the foreign market would not be affected by the change in our currency. Those payable in dollars, as the interest on railroad bonds usually are, would be met more easily, so that the country would gain by their payment, and that, too, without any failure of legal or moral or honorable obligations.

It would appear from these considerations that the country would be a gainer by this change, although New York and Boston merchants and capitalists and the banks of the whole Union would be losers.

This motive of interest, although a powerful one in the bank parlors, and a good and sufficient reason for their fears of a silver currency, is not one put forward by the newspapers, who regard the change as injurious to the commercial interests of New York and of the country. Everyone is familiar with the disturbance in the business of foreign trade during the suspension of specie payments before and since the Civil War. Coffee and sugar were bought abroad in gold, and sold at home for currency. Wheat and

cotton were bought in currency, and sold in the foreign market for gold and its equivalent. And the daily and monthly changes in the value of this currency, compared with gold, disarranged all calculations of profit. These uncertainties amounted often to five and ten per cent., and sometimes to a larger percentage. The fear of this injury to importers and exporters is a reason for dreading a silver currency.

But the fluctuations in silver are not like those of greenbacks, or of the old State bank circulation. These changed in value from day to day and from year to year, ranging from ten to twenty, and even fifty and sixty per cent. They advanced and declined every day, and the changes were considerable, even for short periods. But the price of silver has not varied more than three or four per cent. in the whole period of the present coinage of silver dollars, and its changes from month to month are always very small. Even these slight variations are in part only apparent, and due to the appreciation of gold rather than the fall in silver, because, as was shown in a recent article, in the *North American Review*, the supply of gold from the mines has declined so much, that it is only equal to the consumption in the arts and the exports to the East. The European stock must therefore have been decreasing annually, by the imports of gold into this country, during the last five years, and by our retaining at home the whole product of our own mines, while the demand for it has increased by the resumption of specie payments in Italy. Gold, therefore, has probably been appreciating in Europe during this period, and the silver changes of price may be much less than they appear to be when measured by the gold standard. Whether this be true or not, certain it is, that the slow and insignificant changes in the prices of silver since the passage of the Alison bill, could produce no material disturbance in purchases and sales in a foreign market, and would not do this if our currency were silver only.

A third reason, which has been more talked about than either of the two that have been mentioned, is the evil of a depreciated currency. The fact that the bullion value of silver is lower than that of gold, at home and abroad, is announced day after day in the newspapers, and the injustice and falsehood of keeping them equal in the currency is repeated again and again, and the people are reminded of the danger of the objections to a depreciated currency.

But in what sense is silver depreciated? If the currency should become silver, would a creditor receive less than his contract required, as would be the case if he were paid in irredeemable paper money? Not at all; for in every contract the law implies the obligation on the debtor to pay in gold or silver, at his option, and if he should pay in silver, it is in exact accordance with his agree-

ment. This has been the law for two thousand years in the whole civilized world, until recently, in two or three countries of Europe, and every intelligent person knew this when the contract was made. Some may regard this law as harsh and unjust, but the object of the law is to preserve a more stable unchangeable standard of value, by making either of the two receivable than by making only one, and Professor Jevons, in his work on the currency, and other standard authors, show that this is the effect of such an arrangement, and there is not the slightest doubt of its truth. Gold and silver are more stable in value than wheat or iron, but both change with supply and demand. And when the supply or the demand for either is excessive, the use of the cheaper prevents the dearer from rising as high and the cheaper from falling as low as they otherwise would. One of the great objects of currency is to furnish an unchangeable standard by which future contracts are to be measured, and the law is, therefore, wise as well as just, and its harshness is only apparent. Is silver bullion depreciated in the sense of being below its former value, so that a return to a silver standard would be unjust? This may possibly be the cause of the difference in the bullion value of the two metals. But it may also arise from the advance of gold. Since 1873, when gold and silver "parted company," the demand for gold has increased, and the supply from the mines decreased. So also, the demand for silver has decreased, and the supply increased, and the difference in the bullion value may be due to a change in the value of both. Which of these three explanations of the difference in value is correct?

This is a difficult question, and few persons can give a satisfactory answer. Professor Jevons wrote a book on this subject four or five years since, and showed by the change in the price of commodities that gold had advanced in value twenty per cent. since 1870. The *Economist*, which is the highest authority in Great Britain, in reviewing this book, assented to its conclusions, and gave additional reasons for this advance. The *London Bankers' Magazine* approved of it, and no reply has ever been given to this argument. These authorities were all in favor of an exclusive gold currency, and had no prejudice in favor of silver to bias their judgment. Mr. Giffen, the President of the Statistical Society of Great Britain, has an article on the recent decline in prices, in the last number of the *Contemporary Review*, and his argument in favor of this advance in gold brings the question of its purchasing power down to the present time, sustaining and strengthening the conclusion of Professor Jevons. The *London Spectator*, in its notice of this article, says that this is also the opinion of Mr. Goschen, the distinguished chairman of the Silver Commission of the British Parliament. These are not the inferences of men who have a purpose to subserve, and their reasoning seems unanswerable. The *Economist* has

repeatedly published commercial and official authorities of a decided character from India, showing that no rise in prices has occurred in that country where silver is the measure of value, and where the demand for goods for Europe has largely increased; and an appeal may be safely made to every business man in this country to prove that during the last twelve years, the purchasing power of an ounce of silver is greater than it was before 1873. If this be true, it is not silver that has declined, but gold that has advanced. Instead of the worth of a silver dollar being  $83\frac{1}{2}$  cents, it is the gold dollar that is worth a dollar and twenty cents; and if our currency were changed to the silver basis, it would not be a change to a depreciated currency, but to one that has remained unchanged during the last twelve years, by which every contract could be discharged fairly and honestly.

Another form in which this statement of the depreciation of silver is brought forward, is that gold is more valuable than silver, and, as it is the standard elsewhere, this country ought not to isolate herself and adopt a lower standard. But if our currency were fifteen per cent. below its present value, or twenty or fifty per cent. below, and remained unchanged at that percentage of depression, it would serve as perfectly all the purposes for which currency is desired as well as gold. Unchangeableness in value, so that justice between debtor and creditor shall be maintained, is the all-important function of currency, and that would belong to the cheaper as much as the dearer medium. Copper or iron, wheat or corn, would suit as well as gold or silver for currency, if they were always of the same value, were it not for their bulk. The use of gold as the currency abroad would make no more difference to the merchant than the use of pounds, francs, or marks in the price of commodities.

In neither of these three meanings of depreciation does there seem to be any objection to silver, and the same will be found to be true in every form that the objection is considered. Of the three foundations that have been mentioned for the fears of the New York banks, the interest of the banks and of their depositors and customers, the injury to the commercial interests of importers and exporters, and the depreciation of the currency, only the first would seem to be of serious weight. But that one is so important to them that no one can blame them for the course they have adopted. It is their privilege and their right and their duty to struggle for the protection of those who have entrusted them with their capital, even if others should gain as much as they would lose. Are, however, their fears well founded? Is there any immediate or proximate or remote danger of our returning to a silver basis by the annual coinage of twenty-eight millions of legal-tender silver?

Certainly there is no immediate danger. We have more gold than at any former period of our history. In every year since the

resumption of specie payments our imports of gold have exceeded our exports, and in some of those years the excess was very large. Our stock has been further increased during the same period by the supplies in the purses of hundreds of thousands of immigrants who have annually landed on our shores. Besides those additions, we have had about fifty millions every year from our own mines. These accumulations make us much stronger than we ever were, and there is nothing in the position of trade that threatens even a small shipment of gold, much less a dangerous one. Our exports of merchandise during the year ending in July last exceeded our imports 164 millions of dollars. Our stocks and bonds are so low that they form an inviting investment to foreign capitalists, and the newspapers say they are freely availing themselves of the opportunity thus offered. New York has now more gold than London or Paris. The Treasury of the United States has more gold than all the banks of France have had at any time in the last five years, with a smaller circulation to support. Our strength is impregnable for the present, and there is no more immediate danger of the specie basis, or of a premium on gold, than there is that the stars will fall from heaven.

As to the near future, we are perfectly secure. If a series of disastrous harvests should befall the country for the next five years, so as to cause an annual export of fifty millions of gold every year, and our Treasury receipts should decline so that we could redeem every year only fifty millions of our public debt, at the end of that period the currency would not be expanded one dollar by the annual coinage of twenty-eight millions of silver, even if the whole amount were represented by outstanding silver certificates. The exports of gold would be supplied by forty-five millions a year from our own mines, and even if we should not receive a single dollar from immigrants, the diminution of our gold would be less than a hundred millions, after supplying fourteen millions a year for the consumption in the arts. This loss would fall on the gold certificates which would be presented by the banks for redemption, and the Treasury would be as able as it now is to support the greenbacks in gold and retain the hundred millions which the Treasurer requires for that purpose. The redemption of the three per cents. in that time would require the National banks to give up a circulation of nearly a hundred and fifty millions, because they regard it as unprofitable to buy the four per cents. to obtain rates for circulation. The currency in the hands of the people would be no larger than at present, for the new silver certificates would only meet the withdrawals of National bank notes. Our population will in that time have increased ten or twelve per cent., and our wealth and exchanges in a still greater ratio, so that, with reference to the wants of business, there would be a contraction instead of an expansion of the currency in these five years of disaster.

It would seem, therefore, that the alarm that has been raised about a return to silver is without any reasonable foundation, for the next five years, even if short crops should prevail, and gold should be exported for every year hereafter until the end of 1890.

If the result of twenty years' coinage of the twenty-eight millions be considered, no disturbance of the present bimetallic system, with gold and silver equivalent to each other, is to be feared, as far as can be foreseen from the facts now known to us.

In that period the whole bonded debt of the country would be paid off at the present rate of redemption, and this will continue, whether the tariff be reformed by a reduction of the high duties to moderate rates or remains unchanged. This payment of the public debt would extinguish the whole circulation of the National banks, and leave only greenbacks and silver certificates in circulation. The addition of 560 millions to the present certificates and the greenbacks would make ten hundred and fifty millions of paper money, sustained by seven hundred millions of silver and one hundred and thirty millions of gold. Our population would have increased more than sixty per cent. in that time, and our wealth a hundred per cent. The deposits in the banks would be increased faster than the population, and slower than the wealth. The same would be true of the money that is kept in the purses and private drawers of the people. The reserves in the banks and the amounts in private hands now make up seven hundred millions, and an increase of only sixty per cent. for the increased numbers of the people, and the increased wants of the banks would require more than the whole amount of the silver certificates and the Treasury notes. There would be no expansion of the currency, leading to the export of gold, and no more danger of the silver basis than at the present time.

If the future should not result in accordance with these expectations, which are founded on the history of the past fifty years of our population and wealth, and if our currency wants should not increase sixty per cent., and if the public debt should not be entirely paid off, the only possible difference in the result would be that the silver certificates that would not be needed by the people would remain in the Treasury, for it would be impossible for the Government to put them in circulation. In the autumn, when the crops are sent forward to market, all might be needed, but afterwards they would lie idle in the banks or the Treasury. There would be no expansion and no export of gold, because of a redundant supply of an inferior currency, and no change in the equivalence of the two precious metals, whatever might be the bullion values of either.

In this struggle in which the banks are now engaged no compromise is possible. Either an exclusive gold currency or the pres-



ent use of both metals must be the result. If silver becomes merchandise, and not legal-tender money, it would have no more effect on the currency than the twenty millions which are now produced and not coined at the Mint. After the domestic consumption in the arts should be supplied, the whole would be exported and sold in the foreign markets, as the extra supply of wheat or cotton is disposed of. What the country needs is better prices for the products of the farm and the mill than the gold currency will give. They want cheap money and plenty of it. Good money, indeed, but abundant. With gold and silver, prices have declined, and the ablest and most impartial judges say that they will fall lower and lower with the accession of every new country to the English system of gold only. The partial movements of Germany and of Italy, and of the United States, in this direction, have brought down wheat and every product of the farm and of human labor to nearly half their former price. The German and the Italian and the American silver dollar have existed with full legal-tender privileges, while this depression in prices has occurred, not by commercial accidents, but by the increased use and demand for gold. Shall this depression be still further extended until wheat declines to 90 or 80 or 70 cents per bushel? Must the exchanges of the world be performed without silver, and a new demand created for gold and an additional fall in prices established? No compromise by which silver ceases to be legal-tender money can be acceptable to the millions of debtors in the land, when the only advantage would be to the few creditors who are rich already. The people want no wrong, no injustice, no robbery of the creditor. They are willing to pay the debts they owe, but they are unwilling to pay more than they promised. That promise was to pay in gold or silver at the present lawful standard, and they are willing to pay that, but not more. If the farmers had agreed to pay their debts in wheat or barley, as they might prefer, shall Congress alter the contract that has been already made, and declare that they must pay in the dearer only. The inferior metallic medium is not satisfactory to the New York creditors, and they ask the representatives of the people to force every one to pay in a metal dearer than was promised them. If it is a mere question of private interest, in which the strong demand that the laws shall be changed for their advantage, and if no public or commercial advantage would result from the change, the result ought not to be doubtful.

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## THE SECOND ISSUE OF LEGAL-TENDER NOTES.

Whenever a paper-money spring has been found, the discoverers have not been perfectly happy until the stream issuing from it has swelled to a mighty flood. When the bill authorizing the first issue of legal-tender notes was before Congress, several members prophesied a heavy increase, while others were equally confident that no more would be needed or put into circulation. Said Mr. Hooper, of Massachusetts, who had carefully studied monetary questions for many years, "It is said that when a government once assumes the power to issue a currency, the temptation to continue issuing it rather than to resort to the more unpopular method of taxation, is so great, that it will not cease to issue it until it finds itself in a state of utter bankruptcy. The answer to this objection is, that the power of the government is limited by the law in this respect to \$150,000,000, and, consequently, the government cannot, if it would, yield to any such temptation." What a lofty conception had Mr. Hooper of the virtue of the government! It could not yield to the temptation to issue more paper money. Not so thought Mr. Morrill, of Vermont. "If the first step were taken," he said, "in making paper a legal tender, we must go on. No sane man would spontaneously take stock liable by the practices of the government to be reduced the very next day ten per cent., or any other per cent. in its value. So that if Congress should have the virtue to wish to cease the further issue of these notes, it would no longer be an open question. But, having tested this facile mode of paying debts, I fear the stern and honest mode of taxation would be repugnant to many constituencies, and that the doors of the temple of paper money would not soon again be closed. Gentlemen may think otherwise, but, like a certain heroine who

'Said she'd ne'er consent, consented still,'

Congress would consent. If we have not the virtue and the power to resist the temptation now, while our reputation is spotless, we shall have still less when the whole country becomes debauched."

The country did not wait long to find out who was the true presager. Having tested the sweets of paper money, within a month after the enactment of the first legal-tender law, Secretary Chase requested that the demand notes authorized at the session in July, 1861, and the ten millions on the following February, be declared a legal tender. His object in having them made a legal tender was to give them currency at the Clearing-houses, and in all business trans-

actions. When the Senate were discussing the bill, Senator Collamer inquired whether, if it were passed, the amount of legal-tender notes would not be increased to \$160,000,000. Senator Fessenden replied that the entire amount was limited to \$150,000,000, and the issue of new notes would not exceed \$90,000,000, except to replace the \$60,000,000 in circulation. These, therefore, were indorsed with the legal-tender quality, and, thereafter, circulated as freely as the notes authorized by the February law.

Hardly had three months passed before the Secretary of the Treasury sent a communication to the Committee of Ways and Means, accompanied with a bill providing for the issue of an additional \$150,000,000 of legal tenders. This was on the 7th of June. He stated that the daily receipts from customs were about \$280,000, and that the average daily conversion of legal-tender notes into bonds did not exceed \$150,000, while the daily expenditures exceeded \$1,000,000. He further remarked that if Congress saw fit to authorize the amount proposed, it seemed highly expedient that such a portion as the public convenience should require, be issued in denominations less than five dollars. Admitting the force of the objections generally advanced against issuing notes of a smaller denomination, he maintained that under the existing circumstances of the country they did not apply. The burdens of the people, he maintained, should be made as tolerable as possible. If the restriction on the issue of small denominations was removed, the wants of the country would absorb a circulation of \$25,000,000, and perhaps more. The interest on this circulation, say \$1,500,000, would be saved to the taxpayers. Payments to public creditors, and especially to soldiers, now require large amounts of coin to satisfy fractional demands less than five dollars. Great inconveniences in payment of the troops are thus occasioned. With every effort on the part of the Treasury to provide the necessary amount of coin, it is found impracticable always to satisfy the demand. When the amount required is furnished the temptations to disbursing officers to exchange it for any small bank notes that the soldiers or the public creditors will take, is too great always to be resisted. And even when the coin reaches the creditors, it is seldom held, but passes, in general, immediately into the hands of the sutlers and others, and disappears at once from circulation. The inconvenience, therefore, to the government and creditors, from the absence of United States notes of small denominations, are not compensated by benefits to anybody." Another reason advanced by him was that resumption of payments in specie could be effected more surely and easily, and with less inconvenience and loss to the community, if the currency, small as well as large, was composed of United States notes, than if the channels of circulation were filled with the emissions of non-specie paying corporations.

Slow as many persons were in perceiving the advantages of a

purely paper currency, Secretary Chase could not be reckoned among the number. Possibly he was like an epicure who prefers a piece of dry bread to fasting: judging from his conduct, however, he had been overcome by the paper-money enchantment. The sage remark in his July report concerning the mode of issuing Treasury notes—that the greatest care would be requisite to prevent their degradation into an irredeemable paper currency, than which no more certainly fatal expedient for impoverishing the masses and discrediting the government of any country can well be devised—had certainly been forgotten.

One member of Congress, Mr. Spaulding, did clearly intimate when the first legal-tender bill was discussed by the House, that a further issue of legal-tender notes might be necessary; but "all others who discussed the subject utterly denied and repudiated the idea that they were ever to [favor the issue of] another similar batch. . . . When that bill was on its passage, the Chairman of the Ways and Means Committee gave the House and the country a grave assurance, which was unquestionably sincere, that no further increase of such notes would be required or solicited. The assurance gave much satisfaction to many gentlemen of prudence and sagacity and gained for the measure large support." Yet, how suddenly did many members change their opinions. Not all of them changed, however, for some who favored the first issue were strongly opposed to the second. Doubtless Mr. Pike, of Maine, respected the opinions of other members when he said that he voted for the first measure on the ground of necessity, but opposed the second because it rested on convenience.

The bill authorized the issue of \$150,000,000 of notes, reserving one-half of the amount to secure the prompt payment of deposits which were in the Treasury. This amount could be issued and used "when in the judgment of the Secretary of the Treasury the same, or any part thereof, may be needed for that purpose." Many hoped and believed that only \$75,000,000 of notes would be put in circulation.

The \$50,000,000 of demand-notes authorized in July could be used in payment for duties, and also the \$10,000,000 issued on the following February; but the \$150,000,000 of legal-tender notes could not thus be employed. Consequently, the first two issues had a special value, and in July, 1862, \$50,000,000 were outstanding.

There was another important privilege attached to these issues, or "old demand notes," as they were called. They could be funded into twenty-year six-per-cent. bonds, which were worth par in specie at the time the legal-tender bill we are now describing was under consideration. It was believed, however, that these notes would soon be presented in large quantities, because, as they were receivable for duties, persons would prefer to use them, even if paying

a premium therefor, to paying a higher premium for gold. They had therefore ceased to be a part of the circulating medium; consequently, of the \$150,000,000 of legal-tender notes that had been authorized, only about \$100,000,000 were in circulation at the time the Secretary of the Treasury favored another issue. Furthermore, as only one half of the new issue was to be put into circulation, and the other half reserved, as previously explained, the actual increase to the circulation would be \$75,000,000.

The strongest reason advanced for issuing these notes was that the banks were absorbing them and pushing their own into circulation. Mr. Hooper said, during the debate, "It may well be considered whether any restriction of the Government issues will not serve to encourage and increase the issues of the banks. I confess that I can see no limit to a depreciation of the currency that may be produced by the banks; and, were it not that I have great faith in the prudence and wisdom and patriotism of those who manage the banks, I should have great apprehension in regard to it, as no obligation is now recognized by them to redeem their circulation, many of the States having legalized the suspension of specie payments."

The opinion that the banks were a sharp competitor of the Government in furnishing a monetary circulation, and in absorbing the legal-tender notes, became general. The feeling grew that they ought to be restrained. A member of Congress doubtless expressed the sentiments of many others, when he arraigned the banks in the following manner: "They have authority to buy up our bonds in the market, to take up our circulation and put their circulation in the place of it, and that is what they are doing all the time; and the question is whether we shall pay these people six per cent. upon our bonds for furnishing no better currency than we can furnish ourselves. In a contest of this kind I am in favor of the Government. Now, what do these capitalists do? As soon as a five-dollar Treasury note gets into the market they grab it up and put one of their own five-dollar notes into circulation in its place, and then convert their Treasury notes into six-per-cent. bonds. That is the process which is going on all the time, and in that way the banks keep their own paper in circulation, and keep the paper of the United States out of circulation. In other words, it is a struggle on the part of the banking institutions of the country to bleed the Government of the United States to the tune of six per cent. on every dollar, which it is necessary for the Government to use in carrying on this struggle for our independence and our life." Senator Sherman shared the same opinion, though expressing it in a milder form. The legal-tender notes "are actually kept out of circulation by the depreciated bank paper of the country, and every issue you make increases that tendency. Every new issue of

Treasury notes is only a bid for new inflation by the banks, and thus the better money of the United States is hoarded and laid away; and the paper money which is issued on the credit of it is thrown on the country, producing inflation and derangement of our monetary system, and, I believe, in the end will produce disaster."

The absorption by the banks of the Government circulation was magnified a thousand-fold. It furnished a very good reason for issuing more, while it intensified the feeling against the banks. Although they had loaned the Government more than half their capital at a time when others would lend nothing, this was speedily forgotten, and the feeling of hostility to them was rapidly intensifying.

No one had a deeper insight into the evil consequences of issuing more legal-tender notes than Senator Chandler, of Michigan, or discussed the subject with greater ability. On the 17th of June he introduced a resolution "that the amount of legal-tender Treasury notes already authorized by law shall never be increased." The next day he addressed the Senate on this resolution. He said that he believed \$100,000,000 of Treasury notes were sufficient to furnish a circulation for the country, though he voted for the first legal-tender law. The enactment had "proved highly satisfactory, not only to the Secretary of the Treasury, but to the nation at large." The average bank circulation throughout the United States was not quite thirty days, but the entire bank circulation did not quite average that period. In the agricultural districts it averaged more; in the large moneyed centers, much less. The Government could expect but very little more circulation for its issues than the banks could for theirs. Thus it would be seen that if the circulation of the \$150,000,000 of legal tenders averaged thirty days, that amount would perform the work of \$1,800,000,000 per annum, and no one pretended that we should require one-third of that amount.

"The moment you authorize the issue of \$300,000,000 to be used, to be sure, at the discretion of the Secretary, the fear that it may be thrust upon the banks and bankers of the land creates at once a panic; it creates a surplus of circulation, it creates a fear, a dread, a distrust, and your notes will depreciate. The moment you reduce the value of these notes, even to the point at which they now stand, even to seven per cent. discount, you drive out of circulation the coin of the country. The temptation is too strong to be resisted, to use something else besides coin for change and for small circulation." These deductions, the unquestioned teachings of experience, were not heeded by Congress. The stream of circulation was already full, and a slight addition would surely cause an overflow. Yet Congress, with but little thought, hastily passed the bill which was to produce so much disaster.

The Secretary of the Treasury was desirous of obtaining authority to issue notes of lower denominations than five dollars, but the Committee of Ways and Means differed from him in this regard. An amendment was offered to the bill reported by the committee granting authority to issue smaller notes to the amount of \$50,000,000, and this was carried. The bill, like the former one, contained a provision for converting the notes into bonds, and Mr. Colfax maintained that these ought to run absolutely for twenty years, instead of reserving to the Government the right to redeem them after five years. The bonds redeemable in 1881, having a fixed life of twenty years, were selling at that time in New York at six per cent. above par for greenbacks, while the 5-20 bonds would bring no such premium. If they commanded a premium, it was maintained that the legal-tenders would be converted into bonds rapidly, and a margin of six per cent. between the notes and gold would not exist.

The law provided, among other things, that any notes issued under it might be paid in coin, "instead of being received in exchange for certificates of deposit at the direction of the Secretary of the Treasury," and that he might exchange for the notes, on such terms as were most beneficial to the public interest, bonds bearing six per cent. interest and redeemable after five and payable in twenty years. He was granted authority to re-issue the notes thus received in exchange, and receive and cancel notes previously issued, and, in lieu of them, issue an equal amount by the new law; he could also purchase at rates not exceeding one-eighth of one per centum bonds or certificates of debt. With much labor, therefore, a winding sheet was put around the nation for the purpose of convincing the people that National life was extinct. Was ever in financial history a more mournful scene than that now beheld at Washington, where Congress was trying to destroy the National credit in order to furnish an excuse for issuing paper money, honestly believing that by this bold and extraordinary jugglery the Union might be saved.

Shortly after enacting this law the use of postage stamps was legalized in making payments to the Government not exceeding ten dollars, in consequence of the sudden and general scarcity of small change. After the suspension of specie payments the minor silver currency quickly disappeared. The people were not prepared for its sudden flight, and for several months were without an effective substitute. In the interval, those having small payments to make, especially persons engaged in retail trade, railroad companies, and the like, suffered much inconvenience. Corporations, individuals, and firms began to issue "shinplasters," as they were called, to supply the deficiency, and in many cases made them exchangeable for commodities, and also for bank and Treasury notes. To remedy the embarrassment somewhat, cities and towns issued small notes, pay-

able in taxes or lawful money. Unless the Government should prevent this circulation, it was evident that the country would be flooded with a varied fractional currency, having very little value and causing no little vexation and loss in the transaction of business. The law authorizing the use of postage stamps, also provided that after the first day of August, 1862, no private corporation, banking association, firm, or individual should issue any note, check, token, or other obligation for less than one dollar, which was "intended to circulate as money, or to be received or used in lieu of lawful money."

The use of stamps was not popular. Accordingly, Secretary Chase recommended that fractional currency be authorized as a substitute. Heeding the recommendation, Congress enacted a law which authorized the Secretary to issue fractional currency to an amount not exceeding \$50,000,000, and redeemable in United States notes in sums not less than three dollars, and receivable for postage and revenue stamps, and also in payment of dues to the United States less than five dollars, except duties on imports. It was not a legal tender for private debts, but it served a useful purpose, was convenient, and had the effect of freeing the country from other kinds of small money. About \$30,000,000 were kept in circulation yearly, which bore no interest and was therefore economical for the Government. This was finally replaced by silver, in 1876. The amount issued, including reissues, was \$368,720,079.21. A very large amount has not been redeemed, and is doubtless lost. The Secretary has written \$8,375,934 off the Treasury books, and for the last three years less than one hundred and twenty-five thousand dollars have been redeemed. Probably a very small amount of this will ever be presented for redemption. Of course, this saving effected by the Government has been lost by the people. It represents, in the aggregate, a large sum, though the loss is distributed so widely that no one has ever suffered in consequence.

Thus two issues of legal-tender notes, of \$150,000,000 each, had been authorized, beside endowing \$60,000,000 more of other notes with the same quality. A fractional currency had been authorized, and postage stamps also, for making payments. We are far, however, from the end of the chapter. When a nation has once drank from the paper money fountain it is sure to return. Like the lotus-eater, the effects are so bewitching that he longs for more and is never satisfied. When the second legal-tender bill was discussed by Congress, the prophecy was repeated that further issues would be wanted, and unhappily, the prophecy was fulfilled.

The next issue, which was for paying the soldiers, was authorized in January, 1863. The amount was one hundred millions, which was increased to \$150,000,000 two months afterward. The facts pertaining to this issue will be described in the next chapter, as they are more closely blended with the subject there considered.



Whatever may have been the feelings of others concerning the sudden outflow of so much paper money, Mr. Chase was not alarmed. He remarked, that in former reports he had stated his convictions and the grounds of them respecting the necessity and the utility of putting a large part of the debt in the form of United States notes, without interest, and adapted to circulation as money. "These convictions," he added, "remained unchanged, and seem now to be shared by the people." But he did not repeat the statement also contained in a former report, namely, that "no more certainly fatal expedient for impoverishing the masses and discrediting the Government of any country can well be devised [than] an irredeemable paper currency"—such an one in truth as now circulated among the people. With a spirit of evident satisfaction, he continued, "for the first time in our history has a real approach to a uniform currency been made; and the benefits of it, though still far from the best attainable condition, are felt by all. The circulation has been distributed throughout the country, and is everywhere acceptable."

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### THE DEVELOPMENT OF CHINA.

The Paris *Economiste Francais* expresses great alarm at the introduction into China of the railroad system, and of European machinery for the spinning and weaving of cloths, especially cotton cloth, as threatening "one of the most immense revolutions in the history of humanity." It sees in the future of China, "300 millions of frugal, intelligent, and persevering people, put in possession of improved instruments of labor," and not only keeping foreign goods out of the Chinese markets, but competing with European manufacturers in all markets. Such anticipations, even if the period of their probable realization is somewhat remote, are naturally alarming to the nations of Western Europe, whose commerce is world-wide, and whose industrial population has become so great, as compared with home food supplies, as to render a great foreign commerce essential to their prosperity, and even to their existence, under their present conditions.

Until about 1825, England had been in a very considerable degree the workshop of the world, and had acquired the foundation of its present wealth by its substantial monopoly of the manufacturing arts. Down to that time it had jealously guarded its advantages in that respect, by prohibiting the exportation of machinery, and by imposing more or less effective legal restraints upon the emigration of its skilled workmen. These prohibitions and restrictions by law

have not existed during the last sixty years, although British manufacturers are very careful to keep their processes secret, whenever it is possible to do so.

England is now suffering from the transfer to India of machine spinning and weaving of cotton, which has already sensibly diminished the sale in that great dependency of the products of British cotton mills. The English check this movement somewhat by compelling India to give up even the smallest revenue duty on cotton yarns and cloths, but they are restrained from going any further than that, by various considerations. The capital employed in the Indian cotton spinning and weaving mills is largely British, and England, as the receiver of a tribute from India, principally under the name of interest for (so called) advances, of \$75,000,000 per annum, gets the lion's share of the profits of the labor of India, and of the capital (Indian and British) employed there.

There seems to be considerable ground for the opinion, that the machine spinning and weaving of cotton, already commenced in China, will expand even more rapidly than they have done in India. The Chinese are, in a marked degree, more energetic, persevering, and intelligent than the Hindoos, or any other race in Eastern Asia, and it is not easy to foresee how much they may accomplish if they once consent to adopt European methods and machinery.

The *Economiste Francais* admonishes France to do nothing to hasten the threatened development of China. It is not obvious that France can do anything to retard it, except by renewing hostilities with China, of which there is little prospect, since its recent attempt in that line, in which a good many French lives and a good deal of French money were expended without compensation, although heavy losses were inflicted upon the Chinese. Whatever France, as a nation, may do, it is certain that individual French capitalists, speculators, and adventurers will not scruple to do anything in the way of developing China, in which they can see any prospect of filling their own private pockets. How capable they are of foreign enterprises, is shown by what they are doing, and attempting to do, on the American isthmus of Panama.

The English take the same view of the danger, that China may before long be lost as a market for English cotton goods, but they find consolation in believing that the first effect of a modernizing of the industrial methods of China, must be to enable them to sell there great quantities of coal, railroad iron and steel, locomotives, and spinning and weaving machinery. And especially do they gloat over the supposed fact that nowhere except in England can the Chinese obtain the capital required by the railroad system which they are believed to be contemplating, and must, therefore, submit to the terms which the British bankers may choose to impose. They have already gone so far as to declare that nothing will be

done in the way of railroad investment in China without the guarantee of the Chinese government, after the fashion, as we suppose, in which the English have built nearly all the railroads in India. But the advisers of the Chinese Emperor may not be to British investors such clay in the hands of the potter, as the Indian government, consisting wholly of Englishmen, has always been. In the Indian case, the English investors in railroads exacted the right of constructing them, and of being assured of a minimum dividend of five per cent. upon all the money they might please to spend, so that, instead of being interested to make their expenditures in the most economical manner, their harvest of dividends was increased in proportion to the money they could waste. The Chinese have no reason to love either England or France, and it will only be a dire necessity which will compel them to place themselves in the toils of the money lenders of either of those nations, neither of which has now any monopoly of the capital of the world, however it may have been a generation ago.

The United States, nearer than either of them to China, and having, at least, an equal interest in its future, will be watchful of what is going on. Nothing but a tranquil and easily traversed ocean separates this country from China, which is to-day the only remaining important part of the Asiatic continent, with the exception of Japan, which has not already been parceled out among the European powers. When the time comes, it will be for the people of this country to decide whether it is not for their interest that China should remain an independent nation.

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## PERIODIC COMMERCIAL AND FINANCIAL FLUCTUATIONS CONSIDERED IN THEIR RELATION TO THE BUSINESS OF BANKING.

### I.

It has long been a matter of common knowledge that the course of commercial affairs is not steady and constant, but is, on the contrary, extremely fluctuating. When trade advances it is not by steps, but often by "leaps and bounds," while it tends quickly to reach some extreme point, from which, again, there is a distinct and rapid decline. We do not see in our commerce a gradual progress of growth and development, but what more resembles the ebbing and flowing of a tide. If we look back over a period of years, and take account of the progress that has been made, and the method of that progress, we find a strange and apparently inevitable alternation of adverse and prosperous times. Seasons of success, in which all industries seemed to flourish, have followed each other until, in some particular year, a high-water mark was

reached, and then have come in their turn seasons of depression, when suffering and failure have been as general as the previous prosperity. So that, even to those who have only casually glanced at the subject, the idea has become familiar of a cycle in our commercial affairs, which produces those varying conditions, stage by stage, in its course. The periodicity of those fluctuations has been further, so to speak, emphasized by the occurrence of great crises in which the trade cycles seem to culminate, and by the remarkable fact that, in a long succession of such crises, they have followed each other after closely-corresponding intervals of time. Few who have not given special attention to the subject are aware how much real foundation the history of commerce affords for the popular notion that "we must expect a crisis every ten years"; for this statement approaches at least to a just inference from the experience of the commercial world. The more noticeable panics of our own century have occurred in 1815, 1825-26, 1836-39, 1847, 1857, and 1856. A more thorough knowledge of the history of those events and their circumstances makes them appear only more remarkable and deserving of study.

There are other commercial fluctuations that move in narrower limits, and are more easily understood and explained—the distinct variation, namely, or series of variations, observed in the course of a single year. It is reasonable to suppose that the influence of the seasons must tell upon the various industries. The operations not of agriculture merely, but of trade generally, and even of the money market, may be expected to differ widely in harvest-time and spring, in winter and summer. That variations do occur, and with a certain amount of regularity, is well understood by two classes of people—merchants who have to take account of them in reference to their own buying and selling, and those persons who study the course of the markets for the information of the public. Journalists, in comparing the totals of trade operations, do, for this very reason, set the figures of any particular week, month, or quarter against those of the corresponding week, month, or quarter in previous years, rather than against those immediately preceding. Obviously, it would be misleading to compare the Clearing-house totals of a fourth day of the month, or a stock exchange settling day with those of an ordinary day, and the first weeks of a quarter, when dividends are payable, with weeks when no such great transactions occur.

It is not needful to dwell on the importance of a knowledge of the causes and usual course of commercial fluctuations, for that is already generally acknowledged. There is nothing which it is more easy to disturb, or the serious disturbance of which is more likely to cause great disasters, than the money market. The money market is, to the last degree, delicate and sensitive. Our vastly improved "mechanism of exchange," with its infinite economy of the precious metals—the material means of exchange—gives us commercial transactions continually and enormously increasing along with a stationary, or almost stationary, reserve of actual money. It is this consideration that makes any collapse of credit, or even the fear of it, so injurious. A right understanding of commercial fluctuations would sometimes serve to give warning to the community of impending danger, so that means might be taken to ward it off, and at other times might show that circumstances which appeared threatening were normal, and need not give rise to alarm. The interest of the subject has been increasingly recognized in recent years by some able and eminent inquirers, who, in what they have done to elucidate it, have rendered valuable service to the commercial community. In these few pages, my main endeavor must be to sum up the definite results of their labors; first of all, collecting and clearly stating

the essential facts concerning commercial fluctuations; next, explaining and accounting for them as thoroughly as present knowledge will admit, and then drawing what conclusions may be possible for practical use.

The year has its natural division into seasons, the influence of which upon the course of trade is acknowledged; but there is, besides, an artificial arrangement of it into weeks, months and quarters, the effect of which also requires to be considered. Business transactions are, very generally, and some great operations of government finance are invariably, settled with reference to those divisions of the year. A large proportion of all the commercial bills drawn are dated from the first day of the month, and fall due, therefore, according to their currency, on the fourth day of some succeeding month. This is one of the smaller variations that are perfectly well understood. At the beginning of the month, also, more often than at any other time, large payments are made. The dividends of very many joint-stock companies, and the interest on many foreign Government obligations, are made payable then; and these, along with a mass of smaller payments, go to swell the amount which, at this particular time, must be provided from the floating capital of the country. Once every quarter there is a still more conspicuous variation of a similar kind. Payments of rent, of salaries, and all manner of other accounts are then made. These may be individually small in amount, but they are very numerous, and the aggregate amount of them must be very great. In addition to them all there is the quarterly payment of dividends on the National debt, a momentous transaction, implying the transfer of many millions of money. The quarterly variations due to those causes are not quite equal throughout the year, for in January and July the amounts are considerably increased by heavier dividends and by half-yearly payments.

Such, in very brief outline, are the variations that might reasonably be calculated upon during each year. Two questions remain to be asked concerning them—What is their probable effect upon the course of the money market? and whether that effect can actually be traced?

1. By way of answer, let us take first the payment of commercial bills in large quantities at the beginning of the month. This operation will diminish the amount of such bills in the hands of bankers, and correspondingly, also, the item of "private securities" in their accounts. It will add to their command of capital by releasing what has been invested in this manner. And these changes will be found reflected in an increase of "private deposits," which include those of bankers, in the accounts of the Bank of England.

2. Let us look next at the payment of the dividends on the National debt. The first result must be the diminution of the Government's ready money, the "public deposits" at the bank. The dividends are paid in two ways—in cash over the bank's counter, or by transfer to the credit in current account of bankers or private customers. The payment will, therefore, increase both the circulation of notes and the private deposits, and diminish the bullion and the reserve of notes.

3. It is, of course, impossible to follow out so definitely the effects of augmented monthly or quarterly payments of a more miscellaneous character. What might be looked for with most certainty is, that they would increase the amount of the note circulation, and in their degree affect the reserve of notes and the stock of bullion. But it must be borne in mind that these immense transactions do not produce visible results at all corresponding to their own magnitude. The enormously developed use of checks, and the elaboration of our system of clearing, have substituted transfer in bankers' books for the exchange of vast

sums of money, so that the changes that occur monthly or quarterly in the circulation are reduced to a comparatively trifling amount.

Yet, such variations can be distinctly traced. In this question the best authorities, as well as the most accessible, are the published accounts of the Bank of England. These have been, for the very purpose of an inquiry into commercial fluctuations, arranged into tables and diagrams by the late Professor Jevons and others; and the peculiar value of them is, that from the actual constitution of our monetary system, every fluctuation of any consequence must find itself reflected in the bank accounts. The nature and approximate extent of the quarterly variations in the bank accounts Prof. Jevons has expressed in the following statistical form :

Government deposits.....	Decrease	£4,260,000
Private securities.....	"	1,910,000
Bullion and coin.....	"	620,000
Loanable capital.....	"	1,910,000
Notes in circulation.....	Increase	1,400,000
Private deposits.....	"	1,550,000

## II.

We approach a division of our subject confessedly more difficult when we attempt to treat of what has been termed the *annual tide* in commercial and financial affairs, perhaps more frequently spoken of as the autumnal pressure in the money market. Many years ago it began to be noticed that a movement of the kind existed, a fluctuation that required a full year to complete its period. The most prominent feature of the movement corresponded with the name given to it, viz., an "autumn drain" upon the stock of ready capital in the country. Observers saw that year by year the demand for gold coin and for discount accommodation at the bank, increased in the third and fourth quarters of the year, but especially in the fourth, and that almost invariably it was in the months of October and November that the reserve of notes and coin fell to its minimum. It was also remarked that, at the same season of the year generally, commercial difficulties were most felt, and the great crises either commenced or culminated. Whether the frequent occurrence of commercial disasters in the months of October and November made the money market more sensitive, and thus induced this peculiar drain on its resources, or whether there is something in the special operations of autumn that tends to intensify difficulty and to precipitate crisis, has been made a question. A general consent has been arrived at among those best entitled to an opinion, in favor of the latter solution—a consent that appears to be well justified by all the known facts of the case. All the evidence points to autumn, and more particularly the month of October, as forming the culminating period of the year's business.

The character of the fluctuation cannot be better described than in words read before the Manchester Statistical Society, in 1857, by Mr. William Langton, a Manchester banker, who spoke of this movement as follows:

"It has an annual increment and collapse, doubtless connected with the action of the seasons upon trade. In the midst of other disturbances, this wave may be traced in the magnitude of the operations of the third and fourth quarters, and the most invariable lull in the second quarter, the third being generally marked by rapid increase in the demand for accommodation at the bank. The culminating point in the movement, originating in the third quarter of the year, appears to be a

moment favorable to the bursting of those periodical storms in which the commercial difficulties in the country find their crisis."

The effects of this annual tide are, in a word, the expansion of the currency from July to November, and then its contraction, until, in March, it reaches a minimum and remains low, with some slight variations, during April, May and June.

Professor Jevons has succeeded in showing that the October drain is the most marked in the impression it makes on the movements of coin. Taking figures supplied by the "Miscellaneous Statistics of the Board of Trade," he finds that the gold required by the branches of the Bank of England in October is of greater amount than in any other month of the year, and is more than double the amount wanted in any other month of the year, excepting November and January. He brings out a confirmatory result in the following striking table:

AVERAGE EXCESS (1855-62) OF PAYMENTS OR RECEIPTS OF BRITISH COIN AT THE BANK OF ENGLAND.

	<i>Excess of Payments. £</i>		<i>Excess of Receipts. £</i>
January (dividend).....	163,000	....	....
February.....	....	....	307,000
March.....	111,000	....	....
April (dividend).....	808,000	....	....
May.....	363,000	....	....
June.....	....	....	74,000
July (dividend).....	763,000	....	....
August.....	529,000	....	....
September.....	704,000	....	....
October (dividend).....	1,509,000	....	....
November.....	258,000	....	....
December.....	123,000	....	....

These figures illustrate the extra issue of coin caused by the dividend payments, but they set in still more striking light the autumn demand for gold, and its extraordinary maximum in the month of October. If we take the four months beginning with July, we find the excess payments of coin at the bank during that third of the year are half a million more than double the amount of excess payments during the other two-thirds.

Up to a certain point the reasons are obvious for such a movement as has been described. When the harvest has been gathered in it is ready to be sold, and much of it is sold immediately. This means an immense stimulus to all kinds of trade, and one way in which that stimulus will be felt will be the withdrawal of deposit money to be used in the purchase of the produce of the harvest. Besides the demand that can thus be directly traced to agriculture, it is well understood that in many trades, operations have to be carried on out of doors, and, therefore, are most active in the summer; wages in these trades absorb a large quantity of coin, and much of that coin, for a reason which Prof. Jevons explains, will only return very slowly into the keeping of bankers—for this reason, namely, that the summer wages of many such workmen form a part of their winter support. Besides these causes of disturbance, there is a special demand arising twice a year for Scotland and Ireland, especially the former. In Scotland the two seasons for half-yearly payments are May and November, and the supply of gold for the latter month has to be provided at the very time when extra pressure is felt throughout the country.

It is argued, however, that all these reasons are insufficient to show why the demand should not come gradually, why it should fall upon the money market with such suddenness in the month of October. The table given above proves that the drain is more gradual than it appears, for the amount of coin required from July to September is a very great advance above that required for the earlier part of the year. Nor does it all follow that a demand which at last comes suddenly upon the central reserve of coin is one that has actually arisen at a moment all over the country. The peculiar constitution of our banking system must be borne in mind. Wisely or unwisely, for good or evil, it is a one-reserve system. The smaller dealers in money are grouped around the one greatest dealer in money. The country banker has his spare cash in London, with his banker there, and the London bankers theirs with the central institution, the Bank of England. This applies not only to English provincial bankers, but to the Scotch and Irish banks also. A general demand for money, springing up throughout the country works in this way. The deposits with the country bankers and branch bank offices are everywhere drawn upon, and gradually the stock of ready cash diminished to a low point. These bankers must then, in order to replenish their stocks, have recourse to their London bankers, and they in turn to the one great reserve of money in the keeping of the Bank of England. It is thus that a demand, which really has grown gradually, may come to appear like a sudden demand. And, as accounting for the pressure falling particularly upon October, it has been suggested that the falling due of the dividends affords the bankers a favorable opportunity of replenishing their stock of coin. There is another important consideration. An internal drain in autumn is more likely than at other seasons of the year to be combined with a demand from abroad. A foreign demand will arise in autumn if the home harvest is bad, for this will necessitate larger imports, to the extent probably of some millions, to be paid for either wholly or in part by an export of bullion.

The tables that are to be found in Professor Jevons' valuable volume inform us fully as to the annual fluctuation, so far as that can be judged from any analysis of the accounts of the Bank of England. From an elaborate statement (table iv.) on the "divergence of the Bank accounts from their average condition, after elimination of the quarterly variation" (1845-61), we gather the following results:

(a) The reserve of notes and coin is at its minimum (£650,000 under its average condition) in the fourth week of October, and in the four weeks from the third week of October inclusive, is very much lower than at any other period of the year. From this point it rises steadily until in the third and fourth weeks of February it reaches its maximum (£580,000 over average); in May it is again low, but rises from the middle of June to a higher point in July and the beginning of August. From the middle of August there is a rapid and continuous fall. Throughout the whole of the last quarter of the year the average is very decidedly lower than in any other quarter. The second quarter sees a considerable fall, which is deepest at the end of the second and beginning of the third.

(b) The changes in the amount of the circulation are not quite so marked, but they also point to the annual fluctuation. The maximum occurs in the first week of October, and is £300,000 above the average condition.

(c) There is a similar ebb and flow in "Private Securities." Throughout the whole of the fourth quarter they very greatly exceed their aver-



age, reaching a very high point in the third week of October and their maximum in November—£960,000 over average.

The tables of the same accounts for 1862-71, and for 1872-81, exhibit the same drain upon the reserve in the last three months of the year, and what Professor Jevons has termed the "double oscillation" in that and some other accounts; but there are some discrepancies between these figures and those for the earlier period that require attention and explanation. In the ten years, 1862-71, the minimum average of the reserve does not occur either in October or November, but in May, the weeks ending 17th, 24th, and 31st of that month, all having a lower average in this important account than any other week in the year. For these particular years an explanation of this discrepancy readily presents itself, and may be taken as the true and sufficient explanation, viz., that these averages are affected considerably by the circumstances of the crisis of 1866. That great disturbance of credit undoubtedly commenced in the autumn of 1865, but it only reached its height in May, 1866. All the extremest effects of an autumn pressure, and of a great panic combined, fell upon the spring of 1866, with such severity, as undoubtedly to act upon the averages of the period in which it is included. The very same explanation applies to the fact of the maximum average of the "Private Securities," occurring also for those years in the month of May, when, according to the average of a much longer period, they should be low and approaching their minimum. Some special explanation, also, will probably account for the very high average of "Private Securities" from March to May in 1872-81.

These discrepancies notwithstanding, the annual tide in the business of the country is as marked in the accounts for 1872-81 as in those for 1845-61, and especially as regards the demand for actual money, which is to the banker the most important and most dangerous feature of commercial fluctuations.

Danger, however, should hardly arise in the case of those regular variations that can be expected with the return of the seasons. Much can be done in the way of precaution, when a difficulty is thus foreseen. If it is ascertained that the stock of actual cash usually runs very low in the autumn, steps may be taken beforehand to maintain and replenish that stock; and, on the other hand, it should be recognized that an extra demand for gold is at that season natural and ordinary, and thus needless alarm be avoided.

[TO BE CONTINUED.]

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## AGENCY AND BANK DEPOSIT.

### *Baker v. New York National Exchange Bank.*

A principal who has intrusted goods to a commission merchant for sale may follow and reclaim the goods and their proceeds so long as their identity is not lost, and subject to the rights of *bona fide* purchasers for value; and although the identity of the specific proceeds has been lost, yet where the amount has been made up and deposited as a trust fund, the amount so deposited will be deemed impressed with the trust in favor of the principal and become substituted for the original proceeds.

A deposit made with a bank as "agent" constitutes a trust fund in favor of the party for whose benefit the deposit was made, and the bank has no right to charge against it the individual debt of the depositor.

Charles A. Wilson & Brother, as agents, opened an account with the defendant on the 28th of October, 1878. They were agents for the plaintiffs and other persons for the sale of consigned goods, having no interest except commissions.

On the 23d of January, 1879, the defendant credited itself with \$1,000 of this money deposited in the firm name as "agents," on an old indebtedness of C. A. Wilson & Bro., personally.

On the 4th of February, 1879, Charles A. Wilson & Bro., agents, gave plaintiffs a check for their balance, \$607.45, which defendant refused to pay.

Aside from the notice implied by the fact that C. A. W. & Bro. deposited these moneys as agents, the testimony shows that they had no ownership in the bank account.

Andrews, J., The relation between a commission agent for the sale of goods and his principal is fiduciary. The title to the goods, until sold, remains in the principal, and when sold, the proceeds, whether in the form of money or notes, or other securities, belong to him, subject to the lien of the commission agent for advances and other charges. The agent holds both the goods and proceeds upon an implied trust to dispose of the goods according to the directions of the principal, and to account for and pay over to him proceeds from sales. The relation between the parties in respect to the proceeds of sales is not that of debtor and creditor simply. The money and securities are specifically the property of the principal, and he may follow and reclaim them, so long as the identity is not lost, subject to the rights of a *bona fide* purchaser for value. In case of the bankruptcy of the agent, neither the goods nor their proceeds would pass to his assignees in bankruptcy for general administration, but would be subject to the paramount claim of the principal. Those principles seem to be well established. *Chesterfield Mfg. Co. v. Dehon*, 5 Pick. 7; *Merrill v. Bk. of Norfolk*, 19 id. 32; *Thompson v. Perkins*, 3 Mason 232; *Knatchbull v. Hallett*, L. R. 13 Ch. Div. 696; *Duguid v. Edwards*, 50 Barb. 290; Story Agency, § 229. The relation between the principal and consignees for sale is, however, subject to modification by express agreement implied from the course of business or dealing between them. The parties may so deal that the consignee becomes a mere debtor to the consignor for the proceeds of sales, having the right to appropriate the specific proceeds to his own use. In the present case there is no reason to contend that the bank account, against which the check was drawn, did not represent trust moneys belonging to the principals, for whom Wilson & Bro. were agents. The deposits to the credit of this account were made in the name of the person, with the word "agents" added. They were the proceeds of commission sales. Wilson & Bro. became insolvent in October, 1878, and they opened the account in this form for the purpose of protecting their principals, which purpose was known to the bank at the time. The check in question was drawn on this account in settlement for a balance due to plaintiffs upon cash sales made by the drawers as their agents. It is clear upon the facts that the fund represented by the deposit account was a trust fund, and that the bank had no right to charge against it the individual debt of Wilson & Bro. The bank, having notice of the character of the fund, could not appropriate it to the debt of Wilson & Bro., even with their consent, to the prejudice of the *cestui que trusts*. The supposed difficulty in maintaining the action, arising out of the fact that money deposited was not the specific proceeds of the plaintiffs' goods, is answered by the case of *Van Alen v. American Nat. Bank*, 52 N. Y. 1. Conceding that Wilson & Bro. used the specific proceeds for their own purposes, and their identity was

lost; yet, when they made up the amounts so used, and deposited them in the trust accounts, the amounts so deposited were impressed with the trust in favor of the principals, and became substituted for the original proceeds and subject to the same equities. The objection that the deposit account represented not only the proceeds of plaintiffs' goods, but also the proceeds of goods of other persons, and that the other parties interested are not before the court, and must be brought in, in order to have a complete determination of the controversy, is not well taken. The objection for defect of parties was not taken in the answer, and moreover it does not appear that there are any unsettled accounts of Wilson & Bro. with any other persons for whom they were agents. The check operated as a setting apart of so much in the deposit account to satisfy the plaintiffs' claim. It does not appear that the plaintiffs are not equitably entitled to this amount out of the fund, or that there is any conflict of interest between them and any other person or persons for whom Wilson & Bro. acted as consignees. The presumption, in the absence of any contrary indication, is that the fund was adequate to protect all interests, and that Wilson & Bro. appropriated to the plaintiffs only their just share. We are of opinion that the judgment was properly directed, and it should, therefore, be affirmed.—*The Eastern Reporter*.

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## ALTERATION OF CHECK—LIABILITY OF BANK TO DRAWER.

NEW YORK COURT OF APPEALS.

*Crawford v. West Side Bank.*

Plaintiff, April 20, intending to leave town, drew his check on the defendant bank, dated April 22, for \$700 payable to his clerk, for the purpose of enabling him to obtain funds to pay plaintiff's workmen. The clerk having altered the date to the 21st, drew the money on that day and absconded. In an action by plaintiff to recover his balance at the bank, *held*, that the bank was not entitled to charge to plaintiff's account the amount of said check.

Ruger, C. J. The relation existing between a bank and its depositor is, in a strict sense, that of debtor and creditor; but in discharging its obligation as a debtor the bank must do so subject to the rules obtaining between principal and agent. In disbursing the customer's funds it can pay them only in the usual course of business, and in conformity to his directions. In debiting his account, it is not entitled to charge any payments except those made at the time when, to the person whom, and for the amount authorized by him. *Wheeler v. Guild*, 20 Pick. 545; Dan. Neg. Inst., § 1,818. It receives the depositor's funds upon the condition of disbursing them according to his order, and upon an accounting is liable for all such sums deposited as it has paid without receiving valid direction to make. The bank is from necessity responsible for any omission to discover the original terms and conditions of a check once properly drawn upon it, because at the time of payment it is the only party interested in protecting its integrity who has the opportunity of inspection, and it therefore owes the duty to its depositors of guarding the fund intrusted to it from spoliation.



This liability arises, although an alteration of a material part of his order has been effected, even though it be done so skillfully as to defy detection by examination. Dan. Neg. Inst., 1,660. This follows from the fact that after it is put in circulation it passes beyond the reach of its maker, and he has no opportunity, until after it has fulfilled its office, of inspecting it and protecting himself from the loss occasioned by a fraudulent alteration. This opportunity the banker has, and he is responsible for any want of vigilance in detecting the alteration of an order after it has once been correctly drawn with its blank places properly filled up, and is put in circulation by the maker.

The responsibility of the banker, however, for the exercise of such vigilance is confined to the maker alone. So far as other parties, through whose hands an altered check passes, are concerned, they have the same opportunity for detecting fraudulent alterations in the body of the check that the banker has, and as to them, after payment, he is responsible only for the genuineness of the maker's signature. *Bank of Commerce v. Union Bank*, 3 N. Y. 230. The principle stated in *White v. Continental Bank*, 64 id. 316; S. C. 21 Am. Rep. 612; *Marine National Bank v. National City Bank*, 59 N. Y. 67; S. C., 17 Am. Rep. 305, and kindred cases, that the drawees of a check or bill are held to a knowledge of the signature only of their correspondents, the drawers, and not for a want of knowledge of the genuineness of the body of the instrument, applies only as between them and such other parties as have equal opportunity of inspection, and equal means for determining the existence of an alteration. Such parties take the paper relying solely upon the reputed responsibility of their transferors, and the other parties to it, and its apparent genuineness, and they therefore deal in it at their peril. They have no duty to perform in respect to it except that of guarding their own interests, and in buying and transferring it to others, they take the risk of loss occurring from fraudulent alterations.

The questions arising on such paper between drawee and drawer, however, always relate to what the one has authorized the other to do. They are not questions of negligence or of liability of parties upon commercial paper, but are those of authority solely. In this view it has been held when the check of a depositor was fraudulently altered from £3 to £200 after issue, and was paid by the bank at the latter amount, that the bank was entitled to charge only £3 to the depositor. *Hall v. Fuller*, 5 B. & C. 750. Bailey, J., said: "If the banker unfortunately pays money belonging to the customer upon an order not genuine he must suffer, and to justify the payment he must show that the order was genuine not in the signature only, but in every respect."

The question of negligence cannot arise unless the depositor has, in drawing his check, left blanks unfilled, or by some affirmative act of negligence has facilitated the commission of a fraud by those into whose hands the check may come. *Young v. Grote*, 4 Bing. 253; Dan. Neg. Inst., § 1,659.

The theory that a party who makes and issues commercial paper, properly and carefully drawn, to express the liability which he intends to assume, is chargeable with negligence on account of the criminal act of another in altering it after its issue, would render him an insurer against such acts, and is repugnant to justice and reason.

In the present case the plaintiff, on the 20th of April, intending to be absent from his place of business for a few days, drew his check on the defendant, dated April 22, for \$700, payable to his clerk, one Morgan, for the purpose of enabling him to obtain funds to pay wages becoming due to the drawer's employees on the 22d. The check was left in the drawer's check book in his safe, with directions to Morgan, who had a

key to the safe, to take the check on the 22d, draw the money and deliver it to his foreman to pay out to the employees in case the drawer did not return before noon upon that day. The plaintiff did not return until after the time appointed, but on the 21st Morgan took the check, and having altered the date to the 21st, drew the money from the bank and absconded with the funds on the same day.

The check as drawn conferred no authority on the bank to pay the amount for which it was drawn out of the plaintiff's funds before its date. *Godin v. Bank of Commonwealth*, 6 Duer, 76; *Mohawk Bank v. Broderick*, 10 Wend. 304, S. C., 13 id. 133. Such payment did not therefore justify the bank in charging the check to the plaintiff. The bank undoubtedly had the same right as any other person to purchase a post-dated check and enforce it against the drawer in case of his liability thereon. This right to enforce payment, however, depended upon the question as to whether the purchaser became a *bona fide* holder of the paper, and also whether it was then a valid obligation of the maker. A material alteration of its terms after execution and before payment would destroy its validity. A change in its date whereby the time of its payment was accelerated was undoubtedly such an alteration. Thus it was held in the case of *Vance v. Louther*, 1 Ex. Div. 176; S. C., 16 Moak Eng. Rep. 583, where the date of a check had been altered from March 2 to March 26, and as thus altered was attempted to be enforced against the drawer by one who had paid value to an unlawful holder for it, that such alteration vitiated the check and no recovery could be had thereon.

Whenever the legal rights and liabilities of a maker of commercial paper are changed in a material respect by a fraudulent alteration of the obligation, such alteration vitiates the instrument, and the question whether it is material or not is one of law for the court. 2 Pars. Notes and Bills, 582; 2 Pars. Cont. 721; Dan. Neg. Inst., §§ 1,373, 1,658; *Booth v. Powers*, 56 N. Y. 29.

The absence of a date upon a negotiable instrument at its inception, or the fact that it is post or ante-dated may not be material upon the question of its validity; but when a date has been once inserted, and its time of payment has been thus fixed, such date is material, and cannot be altered without the consent of the maker. Dan. Neg. Inst., §§ 1,376-77, 1,577-78; 2 Pars. Notes, 552; *Stephens v. Graham*, 7 Serg. & R. 505.

In the present case, the check was never a valid instrument for any purpose, because it had become vitiated by a fraudulent alteration before it had any inception. It never came into the hands of any person entitled to enforce it for any amount, or for any purpose, as against its maker. The whole object of the check had failed before the legally-appointed time for its payment, by reason of the unauthorized act of the bank in paying it and thereby enabling the fraudulent holder to abscond with its proceeds. The check was not, therefore, a legal obligation enforceable against the drawer by its owner and holder. It is claimed by the appellant, even if it be held that the defendant had no authority to pay this check on the 21st, that having become its owner, and having kept it until after its true date, it was then entitled to charge it to the plaintiff, because it then corresponded not only as to amount, but as to the time of payment, with the obligation which the plaintiff intended to and did, in fact, assume. There is some authority for the proposition that a banker, after payment, has the right to hold an altered check for its correct amount, as against the maker. *Hall v. Fuller*, *supra*; *Susquehanna Bank v. Loomis*, 85 N. Y. 207; S. C., 39 Am. Rep. 652; *Reddington v. Woods*, 45 Cal. 406. In these cases, however, the checks had received a legal inception upon their delivery to holders for value, and as thus de-

livered, authorized their drawees to pay them and debit the makers with the sum originally specified therein. Such instruments not only conferred authority to pay their true amount upon their drawees, but created a legal liability in case of nonpayment, against their drawers for the repayment of that amount, and the right to enforce such power, or liability would no doubt pass as an incident to the transfer of the check to any holder in good faith. Pars. Bills and Notes, 582. But we cannot see how the principle stated in these cases can benefit the defendant, for the possibility that the check could ever become a legal liability, in the hands of any person, was destroyed by its fraudulent alteration before inception. In the hands of Morgan, the check created no liability in his favor against its drawer. There never existed, therefore, either a valid written obligation against the plaintiff, or an original legal liability to any one enforceable after the destruction of the written instrument by its fraudulent alteration.

The transfer of the check by Morgan, under the circumstances, could not therefore carry to another a right founded either upon the vitiated check, or upon an original liability which never, in fact, existed.

When a negotiable instrument constitutes in itself the only obligation existing against its maker, all remedies thereon are lost by its fraudulent alteration, and the law refuses to create a new contract to supply the place of the one destroyed. *Booth v. Powers*, 56 N. Y. 31; Pars. Bills, 572; *Meyer Hunkle*, 55 N. Y. 412.

It follows that there is no principle upon which the defendant has the right to charge the check in question for any amount to the plaintiff.

The judgment should therefore be affirmed.

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## REPORT OF THE COMPTROLLER OF THE CURRENCY.

From the annual report of Hon. H. W. Cannon, Comptroller of the Currency, we extract the following. In the next number his recommendations will be discussed :

It shows that during the year ended November 1, 1885, 145 banks were organized, with a capital of \$16,938,000, and circulating notes were issued to these new associations amounting to \$4,274,910.

Since the establishment of the National banking system on February 25, 1863, there have been organized 3,406 National banks. Of these, 432 have gone into voluntary liquidation, for the purpose of winding up their affairs; 79 have gone into voluntary liquidation for the purpose of reorganization; 64 are in liquidation by expiration of their charter, of which number 38 have been reorganized; and 104 have been placed in the hands of receivers for the purpose of closing up their affairs, leaving the total number in existence 2,727 on November 1, 1885, which is the largest number that has been in operation at any one time.

Under the provisions of the Act of July 12, 1882, National banks with a capital of from \$50,000 to \$150,000 may be organized upon a minimum deposit of United States bonds equal to 25 per cent. of their capital. The Comptroller states that this reduction to the minimum deposit of bonds has had the effect to increase the number of small banks organized. While the number of banks organized from July 1,

1879, to July 1, 1882, with a capital of \$150,000 and under was 232, the number of banks of this class organized from July 1, 1882, to July 1, 1885, was 548. He calls particular attention to the fact that banks are no longer organized especially for the purpose of issuing circulation, for the reason that, in a great majority of cases, only the minimum amount of bonds required by law is deposited for the purpose of issuing circulation, and states, in this connection, "It is believed that the National banking system will be continued, even if the associations organized under it cannot issue circulation at a profit, inasmuch as the experience under it has shown it is for the best interests of the public, as well as of the banks, that this business should be carried on under a general law, having effect throughout all the different States. This statement is made without prejudice to banks organized under the statutes of those States which contain provisions and restrictions similar to those of the National banking law. In many of the States, however, the banking laws are defective, and it is evident that the legislation upon the subject cannot be homogeneous, nor the working of the law so harmonious and useful under statutes passed by thirty-eight States as under one general law of Congress applicable to all banking institutions."

Under the provisions of the original National Currency Act of February 25, 1863, banks organized had a period of succession not exceeding twenty years from the date of the Act. The National Bank Act of June 3, 1864, superseding that of February 25, 1863, provides that each National bank shall have succession for twenty years from the date of its organization. The Act of July 12, 1882, permitted the extension of the corporate existence of National banks for twenty years, and under its provisions 1,199 associations have extended their corporate existence, of which number 801 extended during the year ending November 1, 1885. The Comptroller gives details in regard to the action of the banks expiring since July 12, 1882, and refers particularly to the operation of the law of extension, which appears to have been generally satisfactory, but calls attention to certain amendments which the experience of the past three years has shown to be necessary. Information is also given as to the number of banks which will expire in each year prior to January 1, 1900, and also for each month during the year 1886. A larger number of banks expired by limitation during the year 1885 than have or will expire during any year prior to 1900.

Among the banks which have been extended during the past year were thirty in the City of New York, with an aggregate capital of \$35,350,000, as well as a large number in Boston, Philadelphia, and other principal cities, being some of the largest banks in the United States. Attention is called to the fact that many of these banks were originally organized under the various State laws, and that the continuation of their existence under the National banking system indicates the belief of their shareholders that it is for their best interests to do business under the general banking laws of the United States.

The Comptroller calls attention to the additional labor which has been entailed upon his office by the extension of the corporate existence of National banks during the past year, and also to certain facts in connection with the deposits of lawful money by extended banks to retire their old circulation under the provisions of section 6 of said Act, and the course taken to prevent, as far as possible, any difficulty on this account.

Notwithstanding the organization of new banks, the aggregate amount of bonds on deposit to secure circulation has, during the year past diminished from \$325,316,300 to \$308,364,550, and the net decrease in circulation during the year has been \$15,545,461. The reduction is

circulation has been less than was estimated by the Comptroller in his last annual report, as no United States bonds have been called for payment during the year ending November 1, 1885. The reduction from other causes, notably the small profit on circulation, has been greater than was anticipated, and the Comptroller believes the contraction of National bank circulation will continue unless some legislation is had which will increase the profit which National banks derive from the issue of circulating notes, and proposes that the tax on circulation be removed, and the amount of circulation which National banks are permitted to issue be increased to the par value of the bonds deposited by them.

He refers to the fact that, although there has been a contraction in National bank notes, the circulating medium of the country has been increased by silver dollars and silver certificates, and in this connection he calls attention to the statement in his last annual report that the continued coinage of the standard silver dollar under the present provisions of law is in excess of the requirements of the country, and is liable to bring the business of the country to a silver basis, and cause some degree of financial disturbance.

As under the present law the bonded debt of the United States is the only security for National Bank notes, information in regard to the amount of the public debt is given, the amount of the same held by the National banks during the past twenty years, as well as such information as could be collected regarding the amount of bonds held by the State banks, Savings banks, trust companies and the public.

Information is given relative to the operation of the Act of June 20, 1874, Section 3 of which requires the banks to keep on deposit in the Treasury of the United States 5 per cent. of their circulation as a redemption fund. The amount of notes issued, destroyed, and outstanding is given in detail.

The report contains a chapter on National bank failures, from which it appears that four banks, with an aggregate capital of \$600,000, failed during the year past. Dividends have been paid during the year to the creditors of insolvent banks to the amount of \$2,151,868. Other information relative to insolvent and liquidating banks is fully set forth.

In connection with the remarks in regard to the rapid retirement of National bank notes, the Comptroller presents information in relation to what percentage of capital of such banks as have failed it would have been safe to issue circulating notes without other security than a first lien upon their assets, and also presents carefully prepared information in regard to the bank issues of other countries.

Full statistics in regard to the taxation of National banks are given, showing that during the fiscal year ending June 30, 1885, there was paid to the Government of the United States \$2,794,584 taxes on circulating notes of National banks. There is also a chapter on State taxation of National bank shares, in which the various decisions of the United States Supreme Court are referred to, and interesting information is given in regard to the action of National banks, in order to prevent unjust discrimination against capital invested in National banking associations.

Information is given as to loans and rates of interest throughout the country, particularly in the principal cities, and the attention of Congress is called to the difficulty of enforcing the provisions of section 5,200, Revised Statutes, which restricts loans of National banks to any one individual, firm, or corporation to one-tenth of their capital stock.

Tables are presented in the report in order that comparisons may be made between the annual dividends paid by the National banks in the



United States and those paid by foreign banks to their stockholders, which indicate that the average dividends and earnings of National banks in the United States are, as a rule, less than those of banks in other countries.

Statistics are given, showing the losses of National banks from September 1, 1880, to September 1, 1885, and the Comptroller is of the opinion that the National banks have not been seriously affected by the large number of mercantile failures which have occurred during the past two years.

Information is given in regard to the various Clearing-houses throughout the country, and particularly of the New York Clearing-house, together with interesting information concerning Clearing-house certificates of various kinds.

The usual tables in regard to the distribution of coin and paper currency throughout the country among the people and the banks are brought down to date, showing an increase for the year in gold, silver and paper currency.

In response to the requirements of Section 333, Revised Statutes, the Comptroller presents statements of the condition of State banks and Savings banks organized under State laws, derived from official reports obtained through the courtesy of various State officers.

The report contains comparative statements of the resources and liabilities of the National banks during the past ten years, and a detailed statement of their condition on the first day of October, 1885. The different items indicate that the business of the National banks was largely increased during the past year, although the items of United States bonds and circulating notes have decreased. Liabilities to depositors and correspondents have increased more than \$180,000,000. During the year the banks have increased their specie resources more than \$46,000,000. This increase is made up of \$44,471,714 of gold coin, and \$1,791,384 of silver coin. The legal-tender notes held by the banks have, however, diminished about \$2,500,000.

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## COIN CIRCULATION OF THE UNITED STATES.

In estimating the amount of gold coin in circulation in the United States, I have been obliged, from lack of opportunity since entering on my duties as Director [of the Mint], to accept, with a slight change, the figures published in the annual report of the Director for 1884, as the circulation on 1st July of that year. The results there published were obtained by taking the estimate of Dr. Henry R. Linderman, former Director of the Mint, of the amount in the country on July 1st, 1873, and adding the net coinage together with the net import of United States gold coin each year, and deducting the net export of United States gold coin, together with the amount used in the arts since the fiscal year 1880.

The estimate of Dr. Henry R. Linderman was made at a time most favorable for ascertaining the amount of gold and silver coin in the country. On 1st July, 1873, gold was at a premium of  $15\frac{1}{2}$  per cent. Nearly all of the coin in the country, with the exception of the Pacific Coast, was either in the Treasury or in the banks, and not in active circulation.

Of Dr. Linderman's estimate of the gold coin in the country at that date, namely, \$135,000,000, over \$98,000,000 was shown by the official reports of the Treasurer of the United States and the Comptroller of the Currency to have been in the Treasury and National banks. Twenty million dollars was the amount in circulation in the States and Territories of the Pacific coast, as deduced from a very careful estimate at the time by Mr. Louis A. Garnett, whose estimate was from twenty to twenty-five millions, with an allowance of only some \$10,000,000 in banks other than National, and in the hands of the people of the entire country, except the Pacific Coast States.

The estimate of Dr. Linderman may therefore be considered near a correct one, and if varying materially from the truth, to have been below rather than above the actual amount of coin in the country.

It appears that from July 1st, 1873, up to June 30, 1880, no deduction was made for the amount consumed in the arts and manufactures, for the reason, as stated by the Director in his report of 1881, that it was believed that the amount thus consumed would be offset by United States coin brought by immigrants on their persons, over and above the sum taken out in like manner by travelers.

It seems to me, however, open to doubt whether any considerable amount of United States gold coin is, as a rule, brought hither by immigrants. Mr. H. J. Jackson, Secretary of the Commission of Immigration of the State of New York, stated, that in 1878, 79,801 immigrants brought and exchanged at Castle Garden, \$520,000 in foreign coin.\* It is believed, indeed, that most of the gold coin brought to these shores by immigrants on their persons is foreign coin, which is exchanged for United States money on arrival. Hence the conclusion that the amount of United States gold coin used in the arts cannot be offset by the amount brought by immigrants on their persons.

Without attempting a revision of the estimate of circulation given by the Director for July 1st, 1884, I have thought it proper to deduct from the amount of gold coin stated by him to have been in the country on that date (\$551,632,442) the sum of \$30,000,000 as a moderate estimate of the amount of gold coin so consumed in the seven years between 1873 and 1881. The reports to the Director of the Mint of persons and firms engaged in the manufacture and repair of articles of ornamentation and use show an actual consumption of gold coin for the year 1883 of over \$4,875,000. As the consumption is likely to have increased from year to year during this period, the gross estimate as above can hardly be far from the actual consumption.

No deduction for consumption in the arts is made from the silver coin in circulation during this period. Manufacturers use bars of silver rather than coin of an enhanced value. But little United States silver coin, therefore, is withdrawn more or less permanently from circulation. Deducting \$30,000,000, therefore, from the estimate of the Director leaves as a revised estimate of the amount of gold coin in circulation on July 1st, 1884, about \$520,000,000.

With the brief time which I have been able to give to the consideration of this important question it seems that the more correct method of arriving at the coin in the country would be to take as a basis an ascertained amount or a conventional estimate at a given date, and to add each year the increase by coinage (less re-coinage) together with

\* The number of immigrants arriving in the United States during the year ending June 30, 1884, was 518,592. Estimating that each brought on his person the amount stated by Mr. Jackson for the year 1878—\$6.50—would make the amount equal to \$3,370,848. This, however, is not an element which enters into the estimate of the coin circulation of the United States, because, as already stated, almost all foreign coin finds its way to the mints and public assay offices for re-melting, or is again exported.

the actual gain by import of our coin, and to deduct the actual loss by export of our own coin plus the estimated amount used in the arts and manufactures.

Instead of taking the aggregate returns of the mints and assay offices the production of the mines of the country, as estimated from time to time by different official and other authorities, has sometimes been taken as the leading element in the account of stock of gold coin. The other elements are the net imports or exports of bullion and coin by difference, as the case may be, and the total estimated consumption of bullion and coin in the arts.

In support of the former method it may be considered, first, that the coinage of the country is an element of certainty. Second, that the statistics of the importation and exportation of bullion and coin are well classified at the custom houses. The imports of bullion are derived from the entries made by importers in pursuance of Section 9,745, Revised Statutes, and Article 335 of the Customs Regulations for 1884. The exports are derived from manifests filed with the Collector of Customs by shippers, as provided by Section 337, Revised Statutes, and Article 1,242 of the Customs Regulations of 1884. Thus there seems no reason to doubt the accuracy of the customs figures, as far as they go.

The most careful estimate that from time to time can be made in this country toward an approximation of its gold production from deposits of gold ores in the form of metalliferous lodes; from placers and alluvions as native metal and alloys; and from its association in miscellaneous ores and base bullion, must be more or less hypothetical and to a large degree purely conjectural. Hence obvious objections to the employment of estimates of this nature as elements for aggregates, to which is to be added or from which is to be deducted, as the case may be, the net import or export of coin and bullion, especially as the returns of imports of foreign bullion seldom correspond from year to year with the deposits at the mints and assay offices.

Thus, for instance, the total imports of gold bullion to the United States as reported by the Custom-houses during the year 1884 were \$8,849,237, all of which, with the exception of about \$1,000,000, was imported at the port of New York.

The deposits of foreign gold bullion at the mints and assay offices amounted to \$11,221,846. Here is a difference of nearly \$2,500,000 between the reported imports of bullion and the amount deposited at the mints and classified as foreign. The Assay Office at New York alone reports as deposited there during the year foreign gold bullion amounting to \$10,843,743, an excess of \$2,000,000 over the reported imports. Whence it seems to follow either that there is brought into the country bullion which is not entered at the Custom-houses, as there is much reason to suppose, or, on the other hand, that the classification at the mints between foreign and domestic bullion, so largely entering into the direct estimates of production, is erroneous. Either alternative as a fact would render erroneous a statement, as sometimes proposed, based on the Bureau's direct estimate of production, in connection with the imports of bullion as reported by the Bureau of Statistics from returns of the Custom-houses.

I have therefore assumed my predecessor's estimate of the coin circulation of July 1st, 1884, less \$30,000,000, as above, for consumption in the arts for seven years previous to 1881. To this estimate I have added the coinage of 1885 and the gain of coin by import, and have deducted the deposits of United States coin for recoinage, together with the amount of coin estimated to have been used in the arts.

From such a revision of former estimates it would appear that the

amount of coin in the country on 1st July, 1885, was some \$820,000,000, of which \$542,000,000 consisted of gold coin, and \$278,000,000 of silver coin.

## ESTIMATE OF CIRCULATION.

<i>United States coin.</i>	<i>Gold.</i>	<i>Silver.</i>	<i>Total.</i>
Circulation July 1, 1884.....	\$551,632,442 .	\$250,617,357 .	\$802,249,799
Deduct probable consumption in arts and manufactures from July 1, 1873, to June 30, 1880 }	30,000,000 .	.....	30,000,000
Corrected circulation, July 1, '84	521,632,442 .	250,617,357 .	772,249,799
Year's coinage.....	24,861,123 .	28,848,959 .	53,710,082
Net imports.....	1,006,281 .	535,449 .	1,541,730
Totals.....	547,499,846 .	280,001,765 .	827,501,611
Less deposits for recoinage.....	325,210 .	877,564 .	1,202,774
Used in the arts.....	*5,000,000 .	*300,000 .	5,300,000
Total loss.....	5,325,210 .	1,177,564 .	6,502,774
Circulation July 1, 1885.....	\$542,174,636 .	\$278,824,201 .	\$820,998,837

In the foregoing estimate no deduction has been made for trade dollars exported during the year (\$1,073,150), for the reason that the entire amount of trade dollars supposed to be in the country (\$6,000,000) was in the last estimate of the Director deducted from his estimate of the coin in the country.

The sum of the loss by abrasion of coin for protracted periods of time is a subject which has thus far not been a matter of systematic inquiry by the Bureau. It should be considered, however, that gold coins worn or abraded within the degree of tolerance allowed by law are redeemed by the Government as of full weight. The loss, therefore, from actual diminution of weight, when not outside of the legal limit, falls on the Government. Though susceptible of record, no estimate has been made of this loss.

STATEMENT EXHIBITING THE STANDARD WEIGHT, LEGAL LIMIT OF ABRASION, AND LEAST CURRENT WEIGHT OF UNITED STATES GOLD COIN AFTER A CIRCULATION OF TWENTY YEARS, UNDER THE PROVISIONS OF THE COINAGE ACT OF 1873.

## WEIGHT OF SINGLE PIECES.

<i>Denomination.</i>	<i>Standard weight, in grains.</i>	<i>½ per cent. abrasion, in grains.</i>	<i>Least current weight in grains.</i>
Double Eagle.....	516 . . . .	2 $\frac{83}{100}$ . . . .	513 $\frac{42}{100}$
Eagle.....	258 . . . .	1 $\frac{83}{100}$ . . . .	256 $\frac{71}{100}$
Half Eagle.....	129 . . . .	0 $\frac{83}{100}$ . . . .	128 $\frac{86}{100}$
Three Dollar... ..	77.4 . . . .	0 $\frac{83}{100}$ . . . .	77 $\frac{09}{100}$
Quarter Eagle.....	64.5 . . . .	0 $\frac{83}{100}$ . . . .	64 $\frac{18}{100}$
Dollar.....	25.8 . . . .	0 $\frac{18}{100}$ . . . .	25 $\frac{67}{100}$

\* About amount reported to have been used by manufactures in 1883.

Assuming the amount of coin in the country to have been as stated, it would appear that the ownership was as follows:

STOCK AND OWNERSHIP OF GOLD AND SILVER COIN IN THE UNITED STATES  
JULY 1, 1885.

Ownership.	Gold coin.	Silver Coin.			Total gold and silver.
		Full legal tender.	Subsidiary.	Total.	
Treasury.....	*\$53,223,160	*\$63,882,166	\$31,236,899	\$95,119,065	\$148,342,225
National Banks..	†165,575,867	†10,081,279	†1,897,554	11,978,833	177,554,700
State Banks, Trust Companies and Savings Banks.	\$25,928,757	129,920,936	41,805,367	171,726,303	495,101,912
Other Banks and private hands..	297,446,852				
	\$542,174,636	\$203,884,381	\$74,939,820	\$278,824,201	\$820,998,837

In the above table the amount of gold and silver certificates held outside the Treasury has been deducted from the amount of coin in the Treasury and added to the stock of coin in active circulation. As these certificates represent coin in the Treasury, which coin can only be used in their redemption, they really form a part of the active coin circulation of the country.

¶ In addition to the coin in the country, there was in the mints and assay offices of the United States on the 1st July, 1885, gold and silver bullion available for coinage, as follows:

GOLD AND SILVER BULLION IN MINTS AND ASSAY OFFICES JULY 1, 1885.

Description.	Ounces.	Value.
Gold.....	3,593,031.342	\$66,847,095 25
Silver.....	4,727,076.82	4,654,586 93
		\$71,501,682 18

Adding this to the aggregate of gold and silver coin as above estimated gives for the total stock of coin and bullion available for coinage on that date \$892,500,519. Again, assuming that the amount stated is the actual amount of coin and bullion in the country, it would appear from the statement of assets and liabilities of the Treasury, and from the statement of the Comptroller of the Currency as to the condition of the National banks to have been held June 30, 1885, together with the other circulating medium used as money, as follows;

\* Less outstanding certificates.

† Includes Treasury and Clearing-house certificates.

‡ Includes Treasury certificates. Silver coin is not divided between full Legal Tender and Subsidiary. The above division is estimated.

§ Reported to Comptroller of the Currency November 1, 1884.

Cost.

## FORM AND LOCATION OF TOTAL CIRCULATION JULY 1, 1885.

	<i>In Treasury.</i>	<i>In National Banks.</i>	<i>In other banks and general circulation.</i>	<i>Total.</i>
Gold bullion.....	\$66,847,095 ..	— ..	— ..	\$66,847,095
Silver bullion.....	*4,654,586 ..	— ..	— ..	4,654,586
Gold coin.....	179,952,890 ..	†\$90,758,947 ..	\$271,462,799 ..	\$542,174,636
Silver dollars.....	165,413,112 ..	‡7,000,000 ..	31,471,269 ..	203,884,381
Fractional silver coin.....	31,236,899 ..	‡1,897,554 ..	41,805,367 ..	74,939,820
Gold certificates...	13,593,410 ..	74,816,920 ..	51,491,316 ..	139,901,646
Silver certificates..	38,370,700 ..	3,139,070 ..	98,813,370 ..	140,323,140
United States notes .....	\$45,047,378 ..	79,701,352 ..	221,990,236 ..	346,738,966
National Bank notes.....	9,945,710 ..	23,465,388 ..	285,165,613 ..	318,576,711
Fractional currency.....	3,285 ..	489,927 ..	6,470,963 ..	6,964,175
	\$555,065,065	\$281,269,158	\$1,008,670,933	\$1,845,005,156

## EX-COMPTROLLER KNOX ON THE SILVER QUESTION.

Mr. Knox, in reply to several inquiries made by the New York *Commercial Bulletin*, relating to the coinage and use of silver, has answered as follows :

1. There is no doubt that an increased amount of coin is needed from time to time, as a basis for an increasing volume of business. But while the volume of business has very greatly increased during the last fifty years, sufficient consideration is perhaps not given to the fact that the increased use of bills of exchange and checks, and the telegraph and the cable, have greatly diminished the amount of coin which would otherwise be required. The bank check, now known everywhere, has only been in use a little more than a century. The present complete system of banking machinery, including the Clearing-house, now in use in this country and so familiar to all, has been in operation less than forty years. The Clearing-house, the bank check, the cable and the telegraph are now almost as indispensable as capital and deposits to the successful conduct of business. In the year 1881, returns were obtained from all the National banks, showing the amount and proportion of checks, bank notes and coin used in the business of banking upon a single day. The percentage of gold and silver coin used was less than two per cent. and that of checks and drafts more than ninety-four per cent. The aggregate payments of the banks in this country amount, it is estimated, to more than three hundred millions a day, or ninety thousand millions annually. These payments are made more and more largely each year by the exchange of checks at the Clearing-house, which represent almost the total daily deposits of the banks. The use of the bonds of the leading nations, and of the strongest municipalities and corporations, in pay-

\* Cost value.

† Includes Gold Clearing-house certificates \$24,190,000.

‡ The total "Silver Coin" only is reported. The division is estimated.

‡ Includes \$29,585,000 held as security for currency certificates.

ments and for investments have greatly lessened the former uses of the precious metals.

Under the old Suffolk system, the whole volume of New England circulating notes was redeemed about once in every sixty days, and previous to the late war it was believed to be a well-settled principle of banking that any excess of bank circulation would certainly go home for redemption, so long as payment in specie was maintained. When specie payments were resumed in this country, in 1879, there was no demand for gold coin in redemption of the legal-tender note. The redemption of National bank notes, secured as they are by pledge of government bonds, as well as the greenback, would continue to be confined largely to the mutilated notes which are unfit for circulation, if it were not for the silver complications which have arisen from the legislation of 1878.

The use of silver is important, and there is no prejudice against its use among bankers generally, but it is not necessary that it should be a full legal tender. If it is a full legal tender, then it should be issued only in such quantities that it will remain subordinate to gold. The silver dollars which are now in the Treasury, or in circulation, if the amount is not increased, could continue to be used upon an equality with gold itself. A slightly increased issue will place the country, not upon a double standard of gold and silver, but upon the silver standard alone.

2. The American Bankers' Association, at its recent Convention, passed a resolution "that the coinage of silver dollars under the compulsory law of 1878 is detrimental to the best interests of the people and dangerous to the welfare of the Government, and that the law should be immediately suspended and remain inoperative, until an international agreement with leading commercial nations shall give substantial assurance as to the future relations of gold and silver as money," and both the great political parties, at their recent conventions for the nomination of Governor of this State passed similar resolutions. The most enthusiastic advocate of silver, including Mr. Cer-nuschi, in France, and the leading advocates in this country, agree that the action of any International coinage union, embracing the United States and leading European Governments, would be useless unless the suspension of the coinage of the silver dollar in this country should first have taken place. Two international conventions have been held within a few years. These conventions failed to accomplish their purpose, and there is no reason to suppose that any future conventions will be able to agree upon a policy which is contrary to experience, and which, to many persons, seems to be illogical and absurd; but if the coinage can first be suspended, there is no objection to a meeting of Commissioners from the different countries for the purpose of conferring upon the situation, and possibly good may result from such a conference. There is hardly a single nation in which the people are agreed as to the best system for themselves, and under such circumstances the probability of an international agreement is not encouraging.

3. The ratio of  $15\frac{1}{2}$  to 1 is, in my opinion, impracticable. There is no probability that the different nations will ever agree to such a proposition. The ratio was about 15 to 1 a century ago, and since that time there have been frequent changes in the ratio. In 1877, a year before the present law was passed, the ratio was 1 to 17.87—it is now more than 1 to 20. I cannot understand by what reasoning the advocates of a bimetallic standard insist that the ratio of  $15\frac{1}{2}$  to 1, which is so different from the present, should now prevail. The expense of the recoinage of the silver coin in circulation in the nations composing the Latin Union is a trifle in comparison with the necessity of main-

taining a correct ratio if a double standard is to be adopted and can be maintained.

4. The total coinage of the silver dollar from the organization of the Government to 1834, or for forty-two years, was but \$1,369,517. The coinage from 1834 to 1873 was only about \$6,000,000, or \$160,000 per year; while during the past seven years more than two hundred millions of these dollars have been coined, of which about one hundred and sixty-five millions are now held in the Treasury, a considerable portion of which are represented by the silver certificates now in circulation. It is plain that the old silver dollar-piece was never a favorite coin, and that it is not entitled to the prestige that is claimed for it. The advocates for continued coinage claim that additional circulation is needed in this country; but the continued coinage of this piece has the effect to diminish the amount of silver dollars and silver certificates in circulation, for they are daily being returned as an inferior currency to the Treasury in payment of duties. The additional coinage of two millions of dollars a month will soon have the effect of placing this country upon a silver basis, driving the gold coin out of circulation and producing a rapid contraction of circulation, instead of an expansion; thus defeating the very object which the advocates of unlimited coinage have in view.

5. The friends of a good currency will insist upon the suspension of the Coinage Act. It is of the first importance, and no effort should be spared to accomplish this result. But if it is impossible to accomplish this, it will be much better to agree upon a compromise in Congress than to accomplish nothing. If by legislation we can get out of the ruts of the monthly coinage of two millions of light silver dollars, the second session of this Congress, if not the first, may give us relief. It would seem to be evident to all parties that the coinage of the bullion required by law to be purchased is entirely unnecessary. Let the advocates of the purchase of silver, then, propose as a basis of compromise that the two millions of bullion which the law of 1878 requires to be purchased shall not be coined into silver dollars, but shall be used as a basis for the issue of certificates, redeemable either in silver dollars or in silver bullion at its gold value, at the option of the holder, at the time of the presentation of the certificate.

From the day that France closed her mint against the coinage of silver, all hope of the free coinage of this metal would seem to have disappeared, and the advocates of free coinage should certainly be content to have the United States follow the example of that nation which more than any other is claimed to be *par excellence* the friend of silver and of the double standard.

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## ECONOMIC NOTE.

### THE FIRST NATIONAL BANK.

The following information relating to the organization of the First National Bank, furnished by Comptroller Cannon, will not only interest our readers, but correct some errors pertaining to the subject:

The First National Bank of Philadelphia, Pa., Charter No. 1, was the first national banking association authorized by the Comptroller of the Currency to commence business. The Comptroller's certificate to that effect bears, date June 20, 1863. The date of the commencement of this association, however, as a body corporate—that is, the date from which its period of succession began to run, as fixed in its organization certi-



cate—was June 15, 1863. There were, however, other national banking associations, the commencement of each of which as a body corporate was fixed at an earlier date than the commencement of "The First National Bank of Philadelphia." But, for one reason or another, these associations were not able to comply with the conditions as to payments of capital and the deposit of bonds required by the law before the Comptroller could authorize them to commence business until after the First National Bank of Philadelphia had complied with these conditions. The First National Bank of Springfield, Mass., No. 14, is the first association which became a body corporate under the National Currency Act, February 20, 1863. Its organization certificate fixes its date of commencement as such body corporate on April 4, 1863, although it was not authorized to commence business until June 24, 1863—nine days after the First National Bank of Philadelphia had been so authorized. Taking the date of an association as a body corporate as a criterion, there were, including the First National Bank of Springfield, Mass., twenty-nine National Banks, the dates of the organization of which are earlier than that of the First National Bank of Philadelphia, although they were not authorized to commence business until after that bank had been so authorized.

The National Exchange Bank of New York City, N. Y., which was authorized to commence business on March, 16, 1864, was the first National Bank organized with a name other than "First, Second, Third," &c., or, in other words, with a name other than one indicating its numerical succession in the place where it was located. The name was the same as that of a State bank previously existing in New York City, and the National Bank was organized to take the place of that bank.

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## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

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### I.—NOTES PAYABLE "ON OR BEFORE" A DAY NAMED.

Is a note, drawn in the following form, optional with the holder to collect "before," as with the payer to avail himself of the privilege of paying, before the date named?

\$100.

CHICAGO, July 1, 1885.

*On or before* the first day of October next, for value received, I promise to pay John Doe, or order, One Hundred Dollars, at the Merchants' National Bank of Chicago, with interest from date.

RICHARD ROE.

Recent decisions would indicate that either party can exercise the option.

REPLY.—We shall be pleased to have our correspondent let us know what decisions he refers to. So far as we have seen, the authorities are uniform in holding notes of this character payable before the day named in them, at the option of the maker only, and not of the holder. *Mattison v. Marks*, 31 Mich. 421; *Hilmer v. Krolich*, 36 Mich. 371; *Ernst v. Stickman*, 74 Pa. St. 13; Story on Promissory Notes, 7th Am. Ed. §28 and notes. And we never heard of an action being maintained on such a note before the day named in it. This is the reasonable and sensible construc-

tion of the note, because, if the holder has the option to demand payment before the day, the note is, in effect, a note payable on demand, and the insertion of the day is substantially meaningless. If that were the proper construction of this note, for instance, it would be the duty of Roe, the maker, to be ready at all times at the Merchants' National Bank of Chicago, with his money, in case payment should be demanded by the holder. This is a consequence which Roe, at any rate, probably never anticipated when he signed the note.

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## II.—INTEREST ON DAYS OF GRACE.

Please give me an opinion in the following case :

A note is written payable " November 1, with interest." Can interest to the last day of grace (November 4) be exacted if the note is paid on the 1st? It has been claimed that in such a case, interest ceases at date of prepayment.

REPLY.—It has long been settled that interest may be collected for days of grace, and it is equally well established that days of grace so enter into and form part of a note, that it is not due, either in fact or in law, until the last day of grace. This note, therefore, although written payable November 1, was not in fact payable until November 4, and the holder was not entitled to demand payment of it before the latter day. So far the authorities are perfectly clear. And, in our opinion, although we cannot cite any decision to support it, as the holder was not entitled to demand payment before November 4, so, *e converso*, he was not bound to accept payment before November 4. See reply in August number, 1883, p. 143. We think, therefore, that the rights of the parties were precisely these : The holder was not bound to accept payment on November 1, but, if he did, without qualification, accept payment on that day, he had no right to demand interest until November 4. Of course when the principal was paid the interest ceased to run. If he wished to enforce his full legal rights, he should have declined to receive the payment offered on November 1, on the ground that it was offered too soon ; and, if he consented to receive payment at all on that day, it should only have been upon the express condition that interest should be paid until November 4. The inquiry is not clear as to precisely what took place when the note was paid, but, we think, that if the course we have pointed out was pursued, interest until November 4 could have been collected of the maker.

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## III.—NOTES PAYABLE TO A OR B.

A correspondent in our November number, p. 380, asks us to give some authority for a statement made in a previous number, that a note payable to A or B is not a negotiable instrument.

REPLY.—This is a point in the law of promissory notes which has long been settled. See Daniel on Negotiable Instruments, § 103. *Osgood v. Pearson*, 4 Gray 455 ; *Carpenter v. Farnsworth*, 106 Mass. 561.

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## IV.—PAYMENT OF A CHECK.

A comes into the bank and presents to the paying teller a check payable to bearer. The teller counts out the money and pushes it out through his window, without noticing whether A was there to receive it, and turning to his desk, busies himself

with his writing. In the meantime, before the money was pushed out by the teller, A had moved to another part of the room, whence he leaves the premises, forgetting all about his money. From five to ten minutes after the money was pushed out, the teller turns to his window to attend to another customer, and sees A's money on the counter untouched. He calls out for A, and is told that A had gone from the room some time before, after attending to business at another window. The teller takes back the money, and some time after, A missing his money, and coming back in search of it, received it. Precisely where in the room A was, when the money was first passed out is not known. Where does the bank's responsibility for that money cease? Is its duty done when it passes it out the window, or must it see that it is carried off, and by the right man? Would it make any difference if the check were payable to order?

REPLY.—A consideration of the legal position of the parties will serve to make the answer to this inquiry sufficiently obvious. When the bank, through its teller, received the check over its counter, it became its duty to pay the amount of the check to A. This could only be done by putting the money in A's hands, or by putting the money on the counter, within A's reach, and calling his attention to it, so that he should have an opportunity of taking the money up. The bank, to be sure, was only bound to pay the check at its counter, in the usual way, but if A went away before the teller had an opportunity of paying him, then the teller should have done nothing. He should simply have waited until A came back. He certainly was not justified in putting out the money on the counter where anyone could take it up, without regard to A's position at the time, and we have no doubt, in this case, that if a thief had come along and taken the money, the loss would have fallen upon the bank, and not upon A. In other words, it is the duty of the teller to pay the amount of the check to the party presenting it. And if he does not put the money in the hand of the party, he must see, if he puts the money down on the counter, that it is put within the reach of the party, and that the latter sees it, so that he can take it actually into his own exclusive custody and control. Anything less than this cannot be a payment sufficient to discharge the bank: and if, after presenting his check, the attention of the party is called elsewhere, or if, for any reason, he moves away from the counter out of reach, the teller should wait until he puts himself in such a position that he can take the money, when it is put on the counter.

We do not think that it makes any difference whether the check is payable to order or to bearer. The duty to pay is to the person presenting the check.

#### V. PROTEST OF A CHECK.

B comes to C with an order from A for him (C) to pay B all moneys due A on his account. After some weeks, C gets telegram from A to stop payment of checks that are in B's hands. The following check is outstanding, and C sends us notice to stop payment of same:

\$ 25.

COOKTOWN, Nov. 21st, 1885.

Cooktown Savings Bank:

Pay to order of B, on account of A, twenty-five dollars.

No. 2439.

C.

This check is sent to the drawee for collection, by a correspondent. Should it be protested? I take the ground that we have no right to protest, and, should we protest, would become liable for the fees.

REPLY.—Of course the check was subject to be revoked by C at any time before payment. The sending of the check by the correspondent direct to the drawee imposed upon the latter, besides the duties of drawee, the duties of agent for collection. These latter duties it was entitled to perform in the ordinary and usual way, according to the regular course of business in similar cases. It is well settled that it is unnecessary to protest a check to hold the drawer and indorsers thereof, and in some States it has been held that protest fees cannot be recovered of them if incurred by the holder. The better doctrine is, however, that where demand must be made, and notice given to hold the drawee or indorsers, a notary may be employed for that purpose, and that his fees may be recovered. See Daniel on Negotiable Instruments, § 933. This has arisen from the general custom of banks and others of employing notaries to protest in all cases, as a matter of convenience, in preserving the evidence of demand and notice. It is well settled, however, that protest fees cannot be recovered where a demand and notice of non-payment are unnecessary to hold any of the parties to the protested instrument; and the question in this case, therefore, is whether there was any party to this check who was entitled to require a demand and notice to him to make him liable on it. C certainly was not, because he had already ordered the drawee not to pay the check. Assuming, however, that B had indorsed the check, we can see no reason why he would not be entitled to insist upon a demand and notice to him. The bank was, therefore, the holder for collection of a check upon itself, on the back of which was the name of an indorser, who, for anything that appeared upon the check, was entitled to require demand and notice. In the absence of any instructions from its correspondent upon the subject of protest, we think it was entitled, as agent for collection, to proceed to do what was necessary or usual, to fix the liability of B as indorser of the check, and this involved the right to have the check protested for the purpose of holding him. Assuming, therefore, that the check was indorsed by B, and that it was sent for collection, without instructions as to protest, we have no doubt that the bank would be justified in sending the check to protest in the usual way, or that the protest fees could be recovered from the correspondent as charges properly incurred for its benefit.

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## BOOK NOTICES.

*The First Essays at Banking and the First Paper Money in New England.*  
By J. HAMMOND TRUMBULL, Worcester, Mass.

Dr. Trumbull takes us back to 1652. Thirty-four years afterward liberty was granted to several persons of Boston to "erect and manage a bank of credit, and to issue bills on the security of real and personal estate." Such was the earliest banking idea in America; and it certainly was a much sounder one than the later idea of issuing notes on doubtful paper securities. If the security were ample, the noteholder was sure of the ultimate redemption of his note. The worst defect, perhaps, was the non-negotiable nature

of the security. Yet ultimate but certain redemption was preferable to no redemption at all, which was the case with many a bank of later date. Though no clear evidence of the existence of an earlier bank of issue has been brought to light in this learned research, the author mentions that before the establishment of the mint in 1652, "for some years paper bills passed for payment of debts." This fact would show that some kind of an institution beside the colony existed for issuing them, inasmuch as no colonial bills appeared until 1690. Elsewhere, the writer says that a "'Fund of Land,' or bank of credit, was started in Massachusetts in March, 1671, and was carried on in private for many months, though without issue of bills, and that, ten years later, a private bank of credit was established and began to issue bills in September, 1681. Of the result of this enterprise we have no information." The account is so interesting that we much wish Dr. Trumbull would continue his work in this direction. No one, surely, is more competent. The colonists tried all sorts of experiments in issuing and lending money, in taxing and kindred matters, and the economic history of that period would be a valuable and unique addition to economic literature.

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*The Laws relating to National Banks, including Instructions and Suggestions of the Comptroller of the Currency in regard to the Organization, Extension, and Management of National Banks, and Official Regulations regarding United States Bonds.* New York: Homans Publishing Company. ●

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*American Money.* By JOHN GEO. HERTWIG. Washington, D. C., 1885.

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*What is the Law? An Inquiry into the History and Effect of the several Acts of Congress relative to Silver Coinage.* By GEORGE G. MERRICK. Denver, Colorado: 1885.

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*The Question of Tariff Revision; A Letter from the American Iron and Steel Association, in Reply to a Circular-letter dated July 17, 1885, from Hon. Daniel Manning, Secretary of the Treasury.* Philadelphia: 1885.

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*Semi-Centennial of the Northern Bank of Kentucky, September, 1885.*

This is an interesting sketch by Mr. Ernst, the President of a bank whose history was well deserving of a printed record. We wish that other banks would follow this example. After referring to the panics of 1837, 1857, and 1873, Mr. Ernst says: "Through all these trying times the Northern Bank of Kentucky passed safely, meeting promptly all of its engagements, and steadily maintaining, at home and abroad, the high credit it secured during the first year of its business life, and to-day no banking institution in the land stands more firmly than it in the confidence of the public. It has the proud satisfaction of knowing, as it looks back upon the first fifty years of its life, that no stain of dishonor or of wrong to a single individual rests upon its business record; that confidence reposed in it has never been betrayed."

*Our Silver Coinage, and its Relation to Debts and the World-Wide Depression in Prices.* By JOHN A. GIER. Philadelphia: 1885.

This is an intelligent and conscientious attempt to solve the silver question. It has been solved so much, though, that we are not sure as Mr. Gier has rendered the path any clearer than it was before. Many of the facts given are quite striking, their combination is effective, but we can hardly add anything more. If there is any public question that is well understood it is this; not information, but action, is the need of the hour.

*The Science of Business. A Study of the Principles Controlling the Laws of Exchange.* By RODERICK H. SMITH. New York and London: G. P. Putnam's Sons. 1885.

This book is divided into two parts. In the first is treated the direction and rhythm of motion, while the second deals with topics more closely allied with the title. A considerable body of fact is presented; the author possesses a discriminating eye, and the result is a book of some merit. The author deduces from his facts a series of conclusions concerning the future of business for a period of seven years. As some persons are always interested in such things, whether they are the deductions of reason or pure prophesying, we shall add those for the years 1885, '86 and '87: "This year business will probably be slightly better than in 1884, as a temporary reaction may take place, owing to the unprecedented declines of the year 1884. Failures over 1,000. 1886—A great number of failures among small dealers with capital of five thousand and under. Stocks lower; wages lower. 1887—A continuation of the history of 1886 for the greater part of this year. Stocks will begin to slowly advance. Iron about stationary, with a firm tendency. Failures among small traders will continue. Toward the close of the year prospects brighten."

*Viat Money. A Review of the Decisions of the United States Supreme Court as to its Constitutionality.* By FRANCIS A. BROOKS. Boston: Little, Brown & Co. 1885.

Mr. Brooks reviews the decisions of the United States Supreme Court on the subject, showing their conflicting character, and contending that the last one, which sustained the re-issue of Treasury notes in time of peace as a constitutional act, was based upon an unsound assumption of general sovereignty of the Federal Government. Nothing essential to a correct understanding is omitted, and the opinions combated are fairly treated. The writer handles the subject in an interesting and able manner.

*Our Clearing System and Clearing-houses.* By W. HOWARTH, F. R. Hist. S., &c. London: Effingham Wilson.

The author is connected with one of the leading London banking institutions. The book, therefore, is not the outcome of a mere amateur, but is written by one whose practical acquaintance with the subject enables him to speak, and his book may be read with confidence. The London Clearing-house occupies, and very properly, a large space. The author's description of the mechanism of the Clearing-house is clear and interesting. The reader is

made to accompany "the clearers" in their daily rounds, to see how the checks are assorted, and then credited and debited to the various banks, how the balance for or against each bank are worked out, and how, ultimately, these balances are liquidated by checks upon the bank of England, and so plainly are all the various steps in the process explained and defined, that the reader will be apt to rise from the perusal of the book with a sort of conviction that he could, if necessary, pilot his way through the Clearing house about as well as the clearers themselves. After describing the London system of clearing, the system at Manchester is described, then, that at Newcastle-on-Tyne, Edinburgh and Glasgow, closing with the methods in Paris, New York and Berlin. The book will be gladly welcomed by those who are desirous of getting the widest knowledge of banking methods.

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*Practical Economics. A Collection of Essays Respecting Certain of the Recent Economic Experiences of the United States.* By DAVID A. WELLS. New York and London: G. P. Putnam's Sons. 1885.

These essays, with one exception, have been laid before the public, yet we rejoice over their reappearance in the present form. Mr. Wells is one of the few economic writers who have something to say; he is a lover of facts, does not content himself with mere speculations, or attempt the absurd feat of moving society along in logical lines. If the reader does not always agree with Mr. Wells, he will be stimulated by reading these writings. This collection pertains largely to the tariff and the taxation of distilled spirits. We trust that this volume will be received with such favor to lead the distinguished author to make another collection of his papers pertaining to State and municipal taxation.

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## BANKING AND FINANCIAL ITEMS.

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We regret the accidental omission of the writer's name of the article "Silver," on page 421. It is Mr. C. F. McCoy, who several years since used to contribute quite frequently to our pages.

A NEW FINANCIAL WORK.—Several years ago the editor of the BANKER'S MAGAZINE began the preparation of the financial history of the United States. In due time the first volume appeared, covering the revolutionary period from 1774 to 1789. The second edition of this volume was published last year. The next volume covered a period of seventy years, from 1789 to 1860. This contained a history of the two United States Banks, the funding and payment of the revolutionary debt, the appropriations and expenditures of the Government, the tariff legislation, and a large number of other matters. The second edition of this volume has just appeared. The third volume, covering the interesting period of the Civil War and subsequently to last March, is just completed, and will be published by the middle of December. Some parts of the volume have appeared in the Magazine, but the larger portion has not been published anywhere. It

braces a variety of topics, the great war loans, the issue of paper money, internal revenue, income, and all other forms of taxation, the history of the National banking system, the suspension and resumption of specie payments, payment of the debt, the mode and history of government accounting, appropriations and expenditures, etc. It may be procured of the Homans Publishing Co

A brief biographical sketch of Sanford Blackinton, accompanied with an address delivered by his pastor, has appeared, together with an excellent steel portrait, engraved by the Homer Lee Bank Note Co. Mr. Blackinton was a highly successful woolen manufacturer, and also president of the Adams National Bank, of North Adams, Mass. His fine character is well worthy of this record, and his example ought not to be lost in that wide circle of business and social acquaintances who knew him best and admired him most.

MR. FLANNAGAN'S paper on "Security for National Bank Deposits," noticed in our last number, has attracted much attention. The plan is regarded by many individuals and journals with favor, and is likely to furnish the groundwork of considerable discussion in the future.

THE SEABOARD NATIONAL BANK.—The stockholders of the Seaboard Bank, a State institution, chartered in 1882, with a capital of \$500,000, having voted to discontinue business under the State laws, have secured authority from the Comptroller of the Currency, and reorganized under the National Banking Act. The business of the Seaboard Bank has been very successful, the statement at this date showing a surplus of \$75,000, and undivided profits of \$46,359.03. Mr. W. A. Pullman remains as president, and Mr. S. G. Nelson as cashier of the Seaboard National. Their names speak for themselves. The bank does a large and growing business with country banks in addition to its city business.

It is stated that the interest money received by the Mutual Life Insurance Company during last year was \$5,042,964.05—more than \$13,800 per diem—and that it was almost sufficient to pay the entire death losses incurred by the Company.

A NEW company, under the name of the German-American Cable Company, has recently been incorporated in New York with a capital of \$12,000,000. The cable is to be laid between Boston and some point in Germany.

DURING the past fiscal year the postal-note business increased fourteen and one-half per cent., and 7,355 money-order offices issued orders amounting to \$120,000,000.

REGISTERED BONDS.—According to the report of the Register of the Treasury, just issued, the total amount of registered bonds of the United States is \$1,071,602,622, of which only \$11,927,900 are held abroad. At this rate of progress it will not be long before the country can make as creditable a showing in this respect as France—the richest nation in the world. Our National banks own, and have deposited as security for their notes, \$324,000,000; the trust companies hold over \$97,500,000, and the insurance companies have \$147,000,000. There are, besides, over \$183,500,000 of coupon bonds, which are also held in this country by our own people.

TEXAS AS A POINT FOR INVESTORS.—A prominent banker of Texas, who has been in the business about twelve years, writes us to call attention to the great opening in his State for capital looking for safe and profitable investment. He aims, and justly, that it is an anomalous condition of affairs for a superabundance of money to be lying idle in the Northern States, when it could be loaned readily, at the best kind of security, at twelve per cent. in the State of Texas. There are, in our informant's states, good points all over the State, where the opportunity presents itself to make money, either by establishing new banks, or buying out old ones. Our correspondent is, we believe, not more sanguine than the prospect justifies; he is at present conducting a prosperous private banking business, but realizes that there are greater possibilities for a National Bank in his section. We shall, therefore, take pleasure in putting any one who desires further particulars in communication with our Texas friend.



ST. PAUL, MINN.—The growing importance of the great Northwest, and of St. Paul and Minneapolis as business centers, is daily made more apparent by the disposition of the heavy financial institutions of the East to establish direct representatives in those places. The latest and most important accession of this character is that of the Mutual Life Insurance Company of New York, which has recently appointed the firm of Newport & Peet, of St. Paul, resident directors for Minnesota and Iowa. They have charge of the business and interests of the company in these two States, which has hitherto been transacted through representatives resident in Detroit, Mich. The company could not have entrusted its affairs to better hands. Mr. Newport is an old resident of St. Paul, well and favorably known formerly, and for many years, as the chief financial officer of the Northern Pacific road in that State, and for several years past as a leading real estate and loan agent. Mr. E. W. Peet was connected with the Mutual Life at its home office in New York, and subsequently president of a large life insurance company. He has recently come to St. Paul, and has formed a partnership with Mr. Newport to represent the company with which he was so long identified, and to engage in the business of buying and selling investment securities, and in loaning money. He is a gentleman of high character and excellent business qualifications, and admirably equipped by training and experience for the business in which he is now engaged.

COUNTING-HOUSE INCONVENIENCES.—The shelf or desk outside of the railing in every counting-house or bank, which is presumably arranged for the accommodation of persons who may want to transact business requiring a signature or figures is often rendered almost useless by the poor quality of writing materials with which it is supplied. An attempt to write with one of the pens, for instance, is followed by a splutter of ink that resembles nothing more than the walls of a house in summer where flies abound. The use of Esterbrook's superior steel pens would prevent this annoyance, and it is astonishing that where the remedy is so easily and inexpensively applied, it is ever neglected.

HIGH PRICE FOR BONDS.—Schenectady, New York, water bonds to the amount of \$90,000, bearing four per cent. interest, redeemable in 1902 and succeeding years up to 1917, were sold in one lot, at auction, recently in that city. They were bought at 113 by Ogden, Calder & Co., of Troy, who quickly resold them at private terms to Moller & Co., of New York, as supposed for the Citizens' Savings Bank of New York. New York bankers, of whom about a dozen were at the sale, say that the price is the highest ever paid for four per cent. municipal bonds.

EXONERATING A BANKER.—The trial of Andrew J. Bruon, ex-president of the Hot Springs National Bank, in the United States Court for the Eastern District of Arkansas, closed on the 17th of November. He was charged with making false entries on the books, by crediting \$35,000 to J. P. Lyons & Co., a firm that did not exist, and with perjury in making false reports to the United States Comptroller regarding the financial condition of the bank.

The defence proved by two witnesses that such a firm as Lyons & Co. did exist at one time. The jury was out thirty minutes and returned with a verdict of not guilty.

IMPROVED RATES FOR MONEY.—The fact that since the month of July the sum of \$36,500,000 of money that lay idle in the New York banks has been drawn out for use in the various branches of business may be taken as good evidence of business revival.

ILLINOIS is the only Western State showing a profit in postal operations, the surplus being \$201,968. Indiana fell behind \$497,000, Iowa, \$445,269, and Wisconsin \$229,187.

ZURICH is evidently the Mecca of the Servian embezzler, if the fact that Metochko, late cashier of the Servian State Railway, who decamped with \$1,250,000 was recently arrested there, can be taken as an indication.

SUMMER PROFITS.—The White Mountain towns net about one million dollars annually from summer sojourners.

**A PROSPEROUS INSTITUTION.**—The directors' report of the Knickerbocker Trust Co., 234 Fifth avenue, New York, of the situation of the property and financial affairs of the company at the close of business on October 31st last, is a very satisfactory exhibit, and shows a surplus of \$9,549.89. The assets of the Company aggregate \$840,682.44, of which sum \$429,727.50 are invested in Government and other first-class bonds, than which no better class of security could be obtained, as in the event of necessity the assets can be quickly converted into cash. The directors have aimed at absolute security, and seem to have been successful in attaining it. The Company holds \$342,089 in good collaterals as security for the amount of cash outstanding on approved loans of \$232,070. Under the able management of President Frederick C. Eldridge, who proceeds upon the conservative and profitable principle that a safe investment at a low rate of interest is better than an uncertain one at a high rate, the company incurred no losses. The total of deposits during the year show a gain of \$440,999.54, and the number of new accounts opened were 182. The checks of the Knickerbocker Trust Company go through the New York Clearing-house. This flourishing company is rapidly increasing in prosperity, and its management merit much credit for their conduct of the institution. Its success is as real as it has been rapid, and having now commanded the confidence of the public, it will continue to increase its business and its usefulness.

**REDUCED POSTAGE.**—The annual report of the Sixth Auditor was submitted to the Postmaster-General on November 11th. It shows the gross revenues of the Post-office Department for the last fiscal year to have been \$42,760,843; gross expenditures, \$49,317,188, making an excess of expenditures over receipts of \$6,756,345. To this deficiency should be added the amounts earned by Pacific railroads for mail transportation—\$1,340,226—and the estimated unadjusted liabilities—\$285,000—making a net total deficiency, actual and estimated, of \$8,381,571. The deficiency is \$3,414,145 greater than last year. The explanation by the auditor of this increased deficiency is that it results from the reduction of letter postage to two cents, together with hard times generally. The expenditures show but the usual increase of \$2,912,328, while the receipts, from the causes named, show a decrease of \$765,115. The expenses of the Star-route service show an increase of \$330,000; of railroad service, \$1,400,000; steamboat service, a decrease of \$18,000. The largest item of expense was for railroad transportation—\$13,558,313. For compensation of postmasters, \$11,243,848 was spent; for clerk hire, \$4,873,853; Star-route service, \$5,403,259; ocean steamship transportation, \$325,462. The profits of the money-order system were \$408,933. The amount paid foreign countries in the adjustment of their postal accounts was \$66,955, and the amount paid by the United States on similar accounts to foreign countries was \$74,859.

**INCOMES IN IRELAND.**—Light is thrown upon the subject of personal incomes in Ireland by a Parliamentary return which has just been issued. It gives particulars of the assessments to income tax in the years 1874, 1879, and 1884, and distinguishes the gradations of income derived from trades and professions in those years. It appears that in 1884 there were 6,986 persons in Ireland whose incomes varied from £150 to £200 a year; there were 4,532 who had incomes of £200 to £300 a year; 2,071 who had between £300 and £400 a year; 871 who had between £400 and £500 a year; 577 who had between £500 and £600; 369 who had between £600 and £700; 196 who had between £700 and £800; 192 who had between £800 and £900; 88 who had between £900 and £1,000; 106 persons who had incomes varying from £1,000 to £1,200; 122 had incomes ranging from £2,000 to £3,000; 67 persons enjoyed yearly incomes varying from £3,000 to £4,000; 21 persons from £4,000 to £5,000; 50 from £5,000 to £10,000, and 33 from £10,000 to £50,000 a year; 3 persons are returned as having over £50,000. A comparison of the amounts of income chargeable with taxes for the three years specified shows that in 1874 the sum under schedule D (trades and professions) was £6,112,686, and under schedule E, £1,470,821; in 1879 the amount under section D was £5,710,727, and under section E, £1,518,463; and in 1884 the amount of income under section D was £5,346,733, and under section E, £1,712,160.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from November No., page 392.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y. CITY..	Seaboard National Bank.....	.....	.....
	\$ 500,000	Wm. A. Pullman, <i>Pr.</i>	S. G. Nelson, <i>Cas.</i>
CAL....	Winters.....	Bank of Winters.....	.....
DAK....	Beresford.....	Union Banking Company.	Chemical National Bank.
	\$ 25,000	(J. Schaetzel & Sons)	Henry Schaetzel, <i>Cas.</i>
" ..	Elkton.....	Citizens' B'k (H.S. Murphy & Bro.)	.....
" ..	Grand View....	Dak. Mortgage & Trust Co.	Chemical National Bank.
	\$ 50,000	D. S. Sigler, <i>Pr.</i>	Homer W. Johnson, <i>Cas.</i>
" ..	Hillsboro.....	Hillsboro National Bank..	.....
	\$ 50,000	A. L. Plummer, <i>Pr.</i>	A. L. Hanson, <i>Cas.</i>
" ..	Plankinton ....	Bank of Plankinton.....	.....
" ..	Watertown ....	Watertown National B'k.	.....
	\$ 50,000	Winthrop E. Scarritt, <i>Pr.</i>	E. W. Thomas, <i>Cas.</i>
FLA....	Kissimmee City	Kissimmee City Bank....	.....
		A. E. Drought, <i>Pr.</i>	F. H. Skelding, <i>Cas.</i>
IDAHO..	Moscow.....	First National Bank.....	.....
	\$ 50,000	Miles C. Moore, <i>Pr.</i>	Wm. W. Baker, <i>Cas.</i>
ILL....	Fairview.....	Fairview Banking Co. ....	.....
		Thos. H. Travers, <i>Pr.</i>	John W. Gaddis, <i>Cas.</i>
" ..	Farmer City....	John Weedman Nat. B'k.	Kountze Bros.
	\$ 50,000	Matthias Crum, <i>Pr.</i>	C. M. C. Weedman, <i>Cas.</i>
" ..	Sparta.....	Crothers, Allen & Co.....	American Exch. National Bank.
IND ....	North Vernon..	Jennings Co. Bank.....	.....
		John Overmyer, <i>Pr.</i>	Albert A. Tripp, <i>Cas.</i>
" ..	" ..	Citizens' Bank.....	.....
" ..	Richmond.....	Union National Bank....	.....
	\$ 100,000	Jesse Cates, <i>Pr.</i>	J. K. Jones, <i>Cas.</i>
IOWA..	Meriden.....	Cherokee Co. Bank.....	Fourth National Bank.
		Theopolis E. Hills, <i>Pr.</i>	S. S. Striker, <i>Cas.</i>
" ..	Sioux City.....	J. S. Wheeler.....	Chase National Bank.
" ..	Waverly.....	Ger.-Am. Loan & Trust Co. B'k)	Columbia Bank.
	\$ 25,000	W. C. Holt, <i>Pr.</i>	Fred Ward, <i>Cas.</i>
KANSAS.	Anthony.....	Kan. Mortgage & Invest. Co.	.....
	\$ 20,000	John D. Brown, <i>Pr.</i>	D. M. Kirkbridge, <i>Mgr.</i>
" ..	Ashland.....	State Bank of Ashland...	National Park Bank.
	\$ 25,000	Thomas O. Moffett, <i>Pr.</i>	P. A. Scrogin, <i>Cas.</i>
" ..	Colby.....	Thomas County Bank....	Kountze Bros.
	\$ 10,000	Marvin B. Tomblin, <i>Pr.</i>	E. A. Hall, <i>Cas.</i>
" ..	Cuba.....	Cuba State Bank.....	National Bank of the Republic.
	\$ 26,000	W. P. Rice, <i>Pr.</i>	C. E. Tobey, <i>Cas.</i>
" ..	Osage City.....	Citizens' Bank.....	.....
	\$ 50,000	John D. Hall, <i>Pr.</i>	D. C. Lake, <i>Cas.</i>
" ..	Russell.....	B'k'g House of Blair & Haskett	Chemical National Bank.
		E. C. Haskett, <i>Cas.</i>	.....
" ..	Salina.....	H. S. & J. Taggart.....	National Bank of the Republic.
" ..	Wa Keeney....	Wilson, Murray & Co....	Gilman, Son & Co.
MICH...	Owosso.....	Second National Bank....	Mechanics' National Bank.
	\$ 60,000	A. T. Nichols, <i>Pr.</i>	E. M. Miller, <i>Cas.</i>
MINN...	Perham.....	Farmers & Merchants' Bk.	United States National Bank.
	\$ 75,000	Herbert Root, <i>Pr.</i>	Allyn Warner, <i>Cas.</i>
MISS....	Grenada.....	Bank of Grenada.....	Bank of America.
		F. B. Nichols, <i>Pr.</i>	W. H. Titus, <i>Cas.</i>
NEB....	Axtell.....	Axtell Exc'ge B'k (Sands & Brown)	Chemical Nat'l Bank.
" ..	Bertrand.....	B'k of Bertrand (J. G. Ballard & Co.)	Chemical Nat'l Bank.
" ..	Chadron.....	Chadron Banking Co.....	Chemical National Bank.
	\$ 25,000	W. E. Higman, <i>Pr.</i>	F. B. Carly, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
NEB....	Cozad.....	B'k of Cozad (Yeazel, Dale & Walling)	Chemical Nat'l B'k.
" ..	Cumminsville..	Manker & Bowler.....	C. A. Manker, <i>Cas.</i>
" ..	Hooper.....	Dodge Co. Bank.....	National Park Bank.
	\$ 12,500	E. H. Airis, <i>Pr.</i>	T. W. Lyman, <i>Cas.</i>
" ..	Johnson.....	Bank of Johnson.....	.....
		Jas. D. Russell, <i>Pr.</i>	J. C. Greer, <i>Cas.</i>
" ..	Omaha.....	Bank of Omaha.....	National Bank of the Republic.
		Andrew Henry, <i>Pr.</i>	Thos. H. McCague, <i>Cas.</i>
" ..	Table Rock....	State Bank of Table Rock.	Chemical National Bank.
	\$ 25,000	John R. Clark, <i>Pr.</i>	David K. Miller, <i>Cas.</i>
PA.....	Westfield.....	Farmers & Traders' Bank.	Kountze Bros.
		E. M. Tucker, <i>Pr.</i>	Ed. M. Seely, <i>Cas.</i>
VA....	Chase City....	Bank of Chase City.....	.....
W.TER.	Spokane Falls..	Traders' National Bank...	.....
	\$ 75,000	Edward J. Brickell, <i>Pr.</i>	Jacob Hoover, <i>Cas.</i>
Wis....	La Crosse.....	Union National Bank....	.....
	\$ 100,000	A. Cameron, <i>Pr.</i>	I. N. Perry, <i>Cas.</i>
" ..	Edgerton.....	Tobacco Exch. B'k (R. R. Brown & Sons.)	.....
" ..	Mineral Point..	Jas. Hutchison & Sons...	.....
" ..	Waupaca.....	City Bank (R. N. Roberts & Co.)	.....

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from November No., page 392.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
407	John Weedman National Bank..	Matthias Crum,		
	Farmer City, ILL.		C. M. C. Weedman,	\$ 50,000
408	First National Bank.....	Miles C. Moore,		
	Moscow, IDAHO.		Wm. W. Baker,	50,000
409	Traders' National Bank.....	Edward J. Brickell,		
	Spokane Falls, WASH. TER.		Jacob Hoover,	75,000
410	Second National Bank.....	A. T. Nichols,		
	Owosso, MICH.		E. M. Miller,	60,000
411	Hillsboro National Bank.....	A. L. Plummer,		
	Hillsboro, DAK.		A. L. Hanson,	50,000
412	Union National Bank.....	Angus Cameron,		
	La Crosse, WIS.		I. N. Perry,	100,000
413	Union National Bank.....	Jesse Cates,		
	Richmond, IND.		J. K. Jones,	100,000
414	Watertown National Bank.....	Winthrop E. Scarritt,		
	Watertown, DAK.		E. W. Thomas,	50,000
415	Seaboard National Bank.....	Wm. A. Pullman.		
	New York City.		S. G. Nelson,	500,000

## CHANGES OF PRESIDENT AND CASHIER

(Monthly List, continued from November No. page 393.)

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
CAL....	Commercial & Savings Bank San Jose.	B. D. Murphy, <i>Pr.</i> .....	C. T. Ryland.
GA....	National Bank of Savannah...	Wm. Ganard, <i>V. Pr.</i> .....	.....
ILL....	Rochelle Nat'l Bank, Rochelle.	John C. Craft, <i>Cas.</i> .....	I. N. Perry.
IND....	People's Nat'l Bank, Princeton.	Andrew E. Lewis, <i>As. Cas.</i>	W. L. Dorsey.*
"	First National B'k, Valparaiso.	Alice C. Ball, <i>Ass't Cas.</i>	.....
KY....	First Nat'l Bank, Richmond..	J. W. Caperton, <i>Pr.</i> .....	S. P. Walters.
"	"	J. E. Greenleaf, <i>Cas.</i> .....	W. R. Letcher.
MASS...	Market National Bank, Boston.	Chas. J. Whitmore, <i>Pr.</i> ...	C. O. Whitmore.
"	Railroad Nat'l Bank, Lowell...	Richard H. Weld, <i>V. Pr.</i>	C. J. Whitmore.
"	Merchants' National Bank, New Bedford.	F. P. Hagget, <i>Cas.</i> .....	J. S. Hovey.*
"	"	H. C. W. Mosher, <i>Cas.</i> ...	P. C. Howland.*
MO....	Laclede Bank, St. Louis.....	S. E. Hoffman, <i>Pr.</i> .....	Wm. McMillan.
"	"	W. H. Trask, <i>Cas.</i> .....	J. T. Birch.
NEB....	First Nat'l Bank, Greenwood..	J. W. Quackenbush, <i>V. P.</i>	.....
"	St. Paul Nat'l Bank, St. Paul..	A. G. Kendall, <i>Cas.</i> .....	Lee Love.
N. H....	Citizens' Nat'l Bank, Newport.	F. A. Rawson, <i>V. Pr.</i> .....	.....
N. MEX.	San Miguel National Bank, Las Vegas.	W. M. Eads, <i>Pr.</i> .....	M. S. Otero.
"	"	D. T. Hoskins, <i>Cas.</i> .....	M. A. Otero, Jr.
N. Y....	Nat'l Bank of Orange Co., Goshen.	Geo. W. Murray, <i>Pr.</i> .....	A. S. Murray.*
"	Exchange National Bank, Olean.	M. W. Barse, <i>Pr.</i> .....	C. V. B. Barse.*
"	"	F. L. Barlett, <i>Cas.</i> .....	M. W. Barse.
OHIO...	Delaware Co. Nat. B., Delaware	F. H. Avery, <i>Ass't Cas.</i> ...	.....
"	Knox Nat'l B'k, Mount Vernon.	Henry L. Curtis, <i>Pr.</i> .....	Henry B. Curtis.*
OR....	First Nat'l Bank, Island City..	W. H. McDonald, <i>Cas.</i> ...	D. W. Lichtenthal
"	First Nat'l Bank, McMinnville..	D. P. Thompson, <i>V. Pr.</i> ...	.....
"	Ainsworth Nat'l B'k, Portland.	W. K. Smith, <i>V. Pr.</i> .....	.....
PA.....	National Bank of Brookville...	E. H. Darrah, <i>Pr.</i> .....	I. C. Fuller.
"	Merchants & Farmers' N. B'k Greensburg.	T. H. Irwin, <i>Pr.</i> .....	D. W. Shryer.
"	Lehigh Valley National B'k, Bethlehem.	Francis Weiss, <i>Pr.</i> .....	G. B. Linderman.
"	Merch. & Mfrs.' N. B., Pittsburg	Robert P. Linderman, <i>V. F.</i>	Weiss.
"	"	Geo. A. Kelly, <i>V. Pr.</i> .....	S. McKee.
R. I....	Mechanics' Nat. B., Providence.	C. C. Harrington, <i>Act. C.</i>	.....
TENN...	Fourth National Bank, Nashville.	J. T. Howell, <i>Cas.</i> .....	W. M. McCarthy.
"	Union & Planters' B., Memphis.	W. A. Barry, <i>Ass't Cas.</i>	J. T. Howell.
"	"	Napoleon Hill, <i>Pr.</i> .....	A. C. Treadwell.
TEX....	Workmen's B'k, San Antonio.	J. T. Haile, <i>Acting Cas.</i>	J. H. Martin.
"	Pan Handle National Bank, Wichita Falls.	C. Goodnight, <i>V. Pr.</i> .....	W. A. Knott.
"	First National Bank, Decatur..	D. Waggoner, <i>Pr.</i> .....	J. G. Halsell.
VT....	Gray National Bank, Middletown Springs.	L. Gray, <i>Pr.</i> .....	A. W. Gray.*
WIS....	First National Bank, Mineral Point.	Alex. Wilson, <i>Pr.</i> .....	Geo. W. Cobb.*
"	"	John H. Vivian, <i>V. Pr.</i> ...	Alex. Wilson.

\* Deceased

## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from November No., page 394.)*

N. Y. CITY .....	Chase & Seligsberg; now Chase, Seligsberg & Co.
" .....	F. C. Markham & Co.; succeeded by Dakin & Co.
" .....	Seaboard Bank; now Seaboard National Bank.
COL..... Buena Vista.....	Lincoln, Hockaday & Co.; dissolved.
DAK.... Hillsboro .....	Hillsboro Bank; now Hillsboro National Bank.
" .. Milnor.....	Bank of Sargent Co. (J. E. Bishop); now D. F. & F. W. Vail, proprietors.
" .. Park River.....	Park River Bank; liquidating.
" .. Plankinton .....	First National Bank; succeeded by Bank of Plankinton.
" .. Ashton .....	Bank of Ashton; to be succeeded by First National Bank.
GA..... Hampton.....	Geo. Schaefer; assigned.
ILL..... Farmer City.....	John Weedman Bank; now The John Weedman Nat. B'k.
" .. Illiopolis.....	B'k of Illiopolis (Mayes & Smith); now Smith & Son, prop'rs
IND..... Centreville .....	First National Bank; going out of business.
" .. North Vernon.....	Jennings Co. Bank; resumed business.
IOWA... Britt.....	Bank of Britt (C. C. Way & Co.); suspended.
" .. Ida Grove.....	Maple Valley Bank (J. G. Freeman & Sons); closing out business.
" .. Nevada.....	Citizens' Bank (W. H. Gallup); moved to Cambridge.
" .. Paullina.....	Bank of Paullina (Baumann & Metcalf); now Metcalf Bros.
" .. Waverly.....	Bremer Co. Bank; consolidated with First National Bank.
KAN.... Cuba .....	Bank of Cuba (J. B. Edson); now Chas. E. Tobey, propr.
" .. Stockton .....	Bank of Stockton (M. J. Coolbaugh); now M. J. Coolbaugh, Jr. & Co.
" .. Udall .....	Bank of Commerce (W. O. McKinley); now P. H. Smith, proprietor.
MICH... Owosso.....	A. T. Nichols & Co.; now Second National Bank.
MO. .... Hermitage .....	Farmers and Drovers' Bank; closed.
" .. St. Louis.....	Valley National Bank; consolidated with the Laclede Bank.
NEB.... Greenwood .....	Bank of Greenwood; succeeded by First National Bank.
" .. Marquette .....	Bank of Marquette (E. Farr & Co.); now J. A. Ruby & Co., proprietors.
" .. Table Rock.....	Bank of Table Rock; now State Bank of Table Rock.
OHIO... Greenville.....	Greenville Bank; now Greenville Bank Co.
" .. Huron.....	Wickham & Co.; consolidated with the Huron Banking Co.
OREGON Portland.....	Ainsworth & Co.; now Ainsworth National Bank.
PA..... York.....	Schall, Danner & Sperry; now Schall & Danner.
VT..... Burlington.....	Commercial Bank (Vernon P. Noyes); closed.

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A REPRESENTATIVE CANADIAN'S OPINION.—Mr. D. MacInnes, a member of the Canadian Parliament, was in New York recently, in company with Sir Alexander Campbell, the Dominion's Postmaster-General. When asked by a reporter if he was in favor of an extradition treaty between the United States and Canada, Mr. MacInnes said, "I am in favor of whatever will maintain the present friendly relations between the two countries. The absence of an extradition treaty injures us as well as you. If your scoundrels and defaulters come to us, ours come to you." This terse statement of the case, we think, voices the sentiments of our Canadian friends, as well as the convictions of all reflecting men of our own country. Canada is no more to blame for the existing state of affairs than we are, and is no less sincerely desirous of remedying the evil as early as possible.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, NOVEMBER, 1885.

*Opening, Highest, Lowest and Closing Prices  
of Stocks and Bonds in November.*

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in November.					Open- ing.	High- est.	Low- est.	Clos- ing.
GOVERNMENTS.								
Interest	Open- ing.	High- est.	Low- est.	Clos- ing.				
Periods.								
Mar.	112 1/2	113 1/2	112 3/4	112 3/4				
Apr.	112 1/2	113 1/2	112 3/4	112 3/4				
May	112 1/2	113 1/2	112 3/4	112 3/4				
Jun.	121 1/2	123 1/2	123 1/2	123 1/2				
July	121 1/2	123 1/2	123 1/2	123 1/2				
Aug.	121 1/2	123 1/2	123 1/2	123 1/2				
Sept.	121 1/2	123 1/2	123 1/2	123 1/2				
Oct.	121 1/2	123 1/2	123 1/2	123 1/2				
Nov.	121 1/2	123 1/2	123 1/2	123 1/2				
Dec.	121 1/2	123 1/2	123 1/2	123 1/2				
Jan.	121 1/2	123 1/2	123 1/2	123 1/2				
Feb.	121 1/2	123 1/2	123 1/2	123 1/2				
Mar.	121 1/2	123 1/2	123 1/2	123 1/2				
Apr.	121 1/2	123 1/2	123 1/2	123 1/2				
May	121 1/2	123 1/2	123 1/2	123 1/2				
Jun.	121 1/2	123 1/2	123 1/2	123 1/2				
July	121 1/2	123 1/2	123 1/2	123 1/2				
Aug.	121 1/2	123 1/2	123 1/2	123 1/2				
Sept.	121 1/2	123 1/2	123 1/2	123 1/2				
Oct.	121 1/2	123 1/2	123 1/2	123 1/2				
Nov.	121 1/2	123 1/2	123 1/2	123 1/2				
Dec.	121 1/2	123 1/2	123 1/2	123 1/2				
Jan.	121 1/2	123 1/2	123 1/2	123 1/2				
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Sept.	121 1/2	123 1/2	123 1/2	123 1/2				
Oct.	121 1/2	123 1/2	123 1/2	123 1/2				
Nov.	121 1/2	123 1/2						

### OBITUARY.

Among the deaths recorded this month is that of C. V. B. Barse, one of the most eminent and respected citizens of Olean, N. Y., and president of the Exchange National Bank. A writer in the Olean *Daily Times* says of him, that, beginning in hardware business with scanty means, but a firm will and integrity, by patient industry, prompt and obliging methods, he increased his business and profits until he found a new and larger field in Olean, where he established himself in 1851, continuing in the same line of business, and in later years having various branches in other towns, and notably the great establishment at Bay City, Michigan. By the year 1870 his means and resources had increased to such an extent that he organized the first bank in Olean, which the town greatly needed. The bank was organized under the State laws, but was afterward changed to the Exchange National Bank, which has been one of the most useful, successful and prosperous organizations outside of the cities.

He was not in any sense a believer in luck. All his enterprises were conducted on strictly legitimate business principles. The only speculative gains that in any way could be termed adventitious were the oil lands near the State line, known as the Barse tract, of about 1,100 acres, which, before petroleum was discovered in the Bradford field, was almost valueless, and which tract was the only source from which large sums were added to his already ample fortune. In his business relations, especially with those in his employ and those associated with him in business, all were greatly benefited by his careful, systematic methods, and those associated retired with ample fortunes. He was ever careful, considerate, and patient with those relying on his credits or benefactions. The earnest, honest, true man was always found in him a true friend and helper.

In all his relations to the social progress of the town, he was ever ready to bear his share of the burdens. On the public questions which engrossed the public mind he was conscientious, moderate, and conservative, generally reaching those conclusions that would be approved by practical and prudent citizens. Although always having a large and growing business, he has held various public offices. He was twice elected to the Assembly, during his terms filling with ability, dignity and high credit positions on the most important committees of that body.

## NOTES ON THE MONEY MARKET.

### A FINANCIAL AND COMMERCIAL REVIEW.

The month of November has witnessed a continuation of the course of leading markets during the earlier autumn months, with but few and temporary exceptions outside the petroleum market. Manufactured goods generally have met with a fair and steady demand, without as much activity in prices as during September, while the inquiry for iron and its manufactures has been more active. Coal has relapsed into the usual quiet at this season, and stocks are now accumulating again after a good fall trade in anthracite. Bituminous mines and miners have suffered by the decreased consumption for manufactures in Western Pennsylvania and in Eastern Ohio, caused by the rapid substitution of natural gas. The result has been seen in the most chronic disputes between the operators and miners, followed by a number of strikes, some of which are assuming serious aspects. Indeed, there have generally been more strikes the past month than in any one



month for a year. But outside of the coal mines they have been for an advance in wages, based upon the improved condition of trade in manufactured goods. The bituminous coal trade, however, proves an exception owing to the causes noted, and those strikes have been against reductions.

This increasing tendency to strikes, while unfavorable to the friendly relations of employer and employed, is the best possible sign of better times because it is so universally for an advance in wages, which seldom occurs and never succeeds in bad times, when lockouts or reductions of wages do. As to the dangers of this condition of things, they cannot be said to be any greater when in the interest of labor than when in the interest of capital. Indeed, they are far less so, as they prove that capital is profitably employed, or it would resist, while higher wages reduce the discontent of the workingmen, and increase their comfort and ability to buy and consume more goods. In truth, below a certain point, the reduction of wages only aggravates the evil of under-consumption, which it undertakes to counteract, because it reduces the purchasing and consuming power of the great majority of wage-earners, who can then only provide the barest necessities of life. In this way a manufacturer curtails demand for his own goods and all other staple commodities by reducing his employees' wages, while above it he increases that demand, by an advance in wages. Exactly when this point is reached, depends upon the relative prices of wages and necessities. But it is of as great interest to the employer as to the employed to determine it approximately. If the laboring man of the country were averaging to earn \$3.00 per day in the manufacture of these staples of consumption, and \$1.00 per day enabled him to provide his family with these necessities of life, he would have a surplus of \$1 per day, or \$6 per week, with which to purchase the comforts and luxuries of life, or to lay aside for their future requirement, giving each workman \$6 per week increased purchasing power, and the manufacturer of these goods \$6 per week increased consumption *per capita* from the working population, with his 10@25 per cent. profit thereon. Add \$6 per week to the purchasing power of every laboring man in the country, and we would have full employment for labor and capital to supply the increased demand for goods. Hence, good wages and good times go hand in hand, and plenty of work follows for every idle hand and idle dollar. On the other hand, when the profit has become so great as to attract new capital from other channels or places, until the capacity to produce has exceeded this maximum power to consume, and over-production occurs, manufacturers, instead of curtailing production, begin to curtail consumption by reducing wages, while keeping up the price of goods. The result is still greater over-production, and an eventual fall in prices and loss of profits, when manufacturers resort to another reduction in wages and still further decrease the wage earners' purchasing power. This process is repeated till his \$1 per day surplus is taken away, after which every workingman in the country is driven out of the market for everything but the necessities of life, and his \$6 per week is withdrawn from the market for manufactured goods. If this reduction of wages is still further continued the laborer becomes unable to purchase anything but the barest necessities of life, and finally is thrown out of employment at any price, and is compelled to eat up whatever surplus he laid away when he had good wages.

that which some friend had laid away, or become a tax on the public, when he consumes an equal amount of the surplus of the community laid for the comforts of life. Following this, the producers of the necessities of life—food, houses and clothing—suffer from the same under-consumption as the laboring classes, an accumulation of stocks and a fall in prices. Then comes a general reduction of profits and wages, and inability of the producers of these necessities also to purchase more than the necessities of life. The commercial classes suffer next by this loss of trade, and transportation companies by loss of traffic, and they begin to reduce expenses and dividends, together with the purchasing power of the middlemen and investors and their employees, until the entire consuming, as well as the producing public is compelled to cut off all their so-called luxuries, and get along with as few of the comforts as possible. Then follow rents, with this reduced cost of living in every direction, discharge of all unnecessary domestic help, with an average of fully fifty per cent. less expenditure *per capita* in bad times than in good, by almost the entire population of the country.

From this it is evident that there is not only a minimum point, below which reduction of wages and expenses increases the evils of under-consumption and depression, but also a maximum point, above which an increase of wages and profits increases the evils of over-production and inflation. To discover the happy mean between these two extremes is the province of the political, or rather industrial, economist. But to find these extremes and to find the points, to which employers, on the one hand, and employees on the other, may go, and no further, is the most important problem in the solution of the respective rights of capital and labor, since labor-saving machinery has repealed the old law of supply and demand, by which their relations have been determined and their differences adjusted in the past.

In view of the increasing frequency of strikes during the past month, these suggestions have an immediate and personal interest to every class in the community. The practical steps to be taken in this direction are, first, the establishment of State or National boards of arbitration for the settlement of all disputes between capital and labor, making submission thereof compulsory and the decisions final, by which both strikes and lockouts shall be impossible. Following this would naturally come the fixing of these maximum and minimum extremes, and an equitable division of the combined profits of capital and labor, upon the basis of mutual interest, dependence, and co-operation.

That these extreme and protracted periods of inflation and depression in this country are unnatural, and can be remedied—or their evils lessened, is evident to every observer of our great industrial development, which like that of our railroads, has been so rapid since the introduction of the new elements of steam, machinery and electricity, that new conditions have arisen which must be met with new legislation and increased Government supervision. Since the industrial situation is now coming into greater prominence, politically, financially and commercially, than ever before, and labor is perfecting its organizations and centralizing its power more rapidly than ever known, in order to control the decision of these questions in its special interest, as capital has hitherto done, rather than in the interest of the whole community. The public interest in the solution of these problems is now unpro-

tected; but with a National arbitration law this neglect would be remedied and both these dangerous and now antagonistic forces—monopoly and trade unions—be deprived of their centralizing and monopolizing tendencies, and brought into their true and natural relations of harmony with each other and the public.

That these questions will receive attention at the coming sessions of many of the State legislatures, and especially of our own, is apparent from the attitude the labor organizations have taken in the politics of the States throughout the past Fall, and from the recognition they have received in this and other States as well as from the National Government.

Next to the Industrial situation, in connection with the tariff, financial affairs, as affected by the silver trouble, are assuming importance and attracting attention, as the session of Congress approaches. But the prevailing opinion is directly opposite as to the best course to pursue in regard to these two questions. While it favors letting the tariff alone as it is, until our manufacturing interests get on their feet, at least, it favors an early stoppage, or radical reduction, in the silver coinage. If Congress could be induced to take the course indicated, on these issues, of labor, tariff, and currency, and then adjourn, it would earn the gratitude of the whole business community, and do more to assist its recovery than all the laws it could make in a year.

Corn has moved into export fast enough to absorb the moderate seaboard receipts, while the interior movement has not been large, as the weather has not been favorable to drying the new crop, and the old one pretty well out of farmers' hands, and stocks are small. There seems to be little speculation in corn, as the large new crop made the bulls afraid to advance the balance of the old crop. Oats are not going into export as freely as a month ago, for the speculative interest in New York has run the price down 4 cents on the near months, on a short interest. But there are plenty buyers. Flour is neglected, as New York is simply a Clearing-house for the Minnesota mills, which monopolize the export trade direct, while the winter wheat States are sending their surplus product South, except enough to supply the Eastern demand, leaving New York only its own local trade.

Provisions have declined, except temporarily, when they advanced a little with wheat on the Servian war scare. But the packers are selling the product as fast as they make it, if they can, to the Western public, which is said to be bullish on produce, while the East is bullish on stock. Europe is holding off for lower prices, but will buy more freely than in late years, when satisfied that they are at bottom. Lower prices are anticipated in December, after which an advance all along the produce line is looked for, as January is expected to bring a better export demand for our staples. The supply of hogs, however, is large, and condition good. But home demand at these prices is also large.

Indeed, it will be strange if speculation does not soon turn from stocks, which are high enough, on the present situation at least, and go into produce, which is too low, from a relative and statistical standpoint, and can scarcely fail to be materially higher before another crop, either on better exports or speculation, or both.

Cotton has lost the rally it made on last month's Agricultural Bureau

t of a smaller yield than the previous one, for the crop is practically 1,000 bales, and the foreign and home demand is not yet of volume sufficient to absorb it, at these prices, before another crop year. The chief difference between the earlier and later reports is in the condition, which is generally inferior. Speculation is also lacking in this, as in other agricultural staples, though it has, perhaps, slightly increased in all the commodity markets during November. It is thought, however, that a break in prices would tend to drive the public into these markets, as in 1878-81.

Petroleum has been the most active market, outside of stocks, on a severe day, from \$1.10 to 89½c., in four days, of the third week of the month, though it had taken six months to engineer or secure the same advance, and it had followed in sympathy with that in stocks. Manipulation of the market monopoly and discovery of promising new wells caused the break, in which the Wall Street bulls were the chief sufferers. Exports of refined petroleum have been checked by the high prices, and a freer movement may now be expected for, unless the crude market rallies, as the bulls predict; but of course the chances look rather remote; for, above \$1.00, petroleum is regarded on a speculative basis.

In course, in this state of suspended animation in the export trade, ocean freights, as well as trunk line traffic, have been at a low ebb, and prices are not very remunerative to the shipping interests. Neither has there been much activity in the foreign exchange market under such conditions. Yet the price of gold has ruled low, as there has been a free supply of exchange against foreign currencies and bonds bought largely for European account and shipped. The market has been another bad place for the bulls, as the Rio receipts have been large, and this market has had to buy the options offered against future shipments from South America.

The general trade of the city has been moderate, and in retail as well as wholesale lines, not up to the expectations raised by the early demand in August and September. Even the holiday trade does not promise to be up to the average, as the improvement in business has not yet found its way into the pockets of the general public. The stock exchange brokers are the disappointed ones this year, and they will have a Christmas and New Year for the first time since 1882. They have had a long vacation, and they are entitled to the exception.

The outlook for business after the New Year is better than last year, and Congress will let the tariff alone there should be a further improvement. Money has been easy at the general rate of 2 @ 3 per cent. on call, although the bank reserve is still declining. There were one or two exceptions when the rate was manipulated for a few moments to 6 per cent. by Gould, who is supposed to have opposed the last advance in the stock market as he did in the earlier one, and also to have been rather unlucky in his manipulations this year, since a greater than he took control of the stock exchange when the Vanderbilt-Drexel-Morgan-Pennsylvania interests decided to stop the decline in prices last July. The last but not the least new thing under the sun is a corner in citron by a New York house, which has run the price from 20 cents to over 40 cents per lb. during the month. A corner in peanuts would be in order, since an attempt to corner the cranberry market early in the autumn was defeated by the beautiful weather of the past three months.

The reports of the New York Clearing-house returns compare as follows:

1885.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Nov. 7..	\$ 340,958,900 .	\$ 93,844,900 .	\$ 26,799,800 .	\$ 380,768,400 .	\$ 9,993,000 .	\$ 25,452,000 .
" 14..	340,369,100 .	93,796,300 .	28,757,400 .	380,234,300 .	9,952,000 .	26,495,100 .
" 21..	339,493,300 .	93,656,300 .	29,009,700 .	381,106,900 .	10,077,300 .	27,389,700 .
" 28..	341,387,000 .	93,579,300 .	28,614,300 .	382,400,900 .	10,085,500 .	26,573,200 .

The Boston bank statement is as follows:

1885.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Nov. 7...	\$ 154,575,300 ....	\$ 9,014,700 ....	\$ 5,663,000 ....	\$ 117,063,700 ....	\$ 21,473,000 ....
" 14 .....	155,283,600 ....	9,148,300 ....	5,406,300 ...	117,772,900 ....	21,539,500 ....
" 21 .....	155,822,100 ....	9,160,000 ...	5,109,300 ...	116,571,100 ....	21,627,000 ....

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1885.	Loans.	Reserves.	Deposits.	Circulation.
Nov. 7.....	\$ 80,696,500 ....	\$ 30,534,700 ....	\$ 86,454,600 ....	\$ 7,419,500 ....
" 14.....	80,832,500 ....	30,301,500 ....	87,156,800 ....	7,413,823 ....
" 21.....	80,978,000 ....	29,760,600 ....	86,938,900 ....	7,480,500 ....
" 28.....	81,234,800 ....	30,037,500 ....	87,310,500 ....	7,435,500 ....

Sterling exchange has ranged during November at from 4.85½@4.86 for bankers' sight, and 4.83½@4.84 for 60 days. Paris—Francs, 519½@521½ for sight, and 522¼ for 60 days. The closing rates of the month were as follows: Bankers' sterling, 60 days, 4.83½@4.83¾; bankers' sterling, sight, 4.86. Cable transfers, 4.85¼@4.85¾. Paris—Bankers', 60 days, 522¼@521¾; sight, 520@519¾. Antwerp—Commercial, 60 days, 525¾. Reichmark (4)—bankers' 60 days, 94¾@95; sight, 95¾@95½. Guilders—bankers', 60 days, 40@40½; sight, 40½@40¼.

## DEATHS.

**BARSE.**—On November 12, aged sixty-seven years, **CLAUDIUS V. B. BARSE**, President of the Exchange National Bank, Olean, N. Y.

**CURTIS.**—On November 5, aged eighty-six years, **HENRY B. CURTIS**, President of the Knox National Bank, Mount Vernon, Ohio.

**GRAY.**—On October 26, aged seventy-five years, **A. W. GRAY**, President of the Gray National Bank, Middletown Springs, Vt.

**HOVEY.**—On October 22, aged forty-two years, **JAMES S. HOVEY**, Cashier of the Railroad National Bank, Lowell, Mass.

**HOWLAND.**—On October 26, aged fifty-five years, **P. C. HOWLAND**, Cashier of the Merchants' National Bank, New Bedford, Mass.

**MURRAY.**—On November 9, aged seventy-eight years, **AMBROSE S. MURRAY**, President of the National Bank of Orange Co., Goshen, N. Y.

**STEVENS.**—On November 12, aged seventy-two years, **B. W. STEVENS**, President of the Bank of Tiskilwa, Ill.

**WALLIS.**—On November 10, aged sixty-seven years, **WILLIAM T. WALLIS**, Cashier of the Third National Bank, Rockford, Ill.

**WHITMORE.**—On November 15, aged seventy-eight years, **C. O. WHITMORE**, President of the Market National Bank, Boston, Mass.

THE  
BANKER'S MAGAZINE  
AND  
Statistical Register.

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VOLUME XL. JANUARY, 1886. No. 7.

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REPORT OF THE COMPTROLLER OF THE CURRENCY.

Nowhere we have given a considerable portion of the Comptroller's valuable and interesting report. When the office was created, Hugh McCulloch was appointed Comptroller, who administered with eminent success. The two reports presented by him furnished good models for the successive ones, which, with but few exceptions, have been replete with information and valuable recommendations. We speak thus heartily of these documents, because in a few months we have carefully examined all of them. They contain, beside all that has been mentioned, a great deal of valuable history—indeed, a good history of the National banks could be quite easily prepared from this source of knowledge. Perhaps the most noteworthy feature in the present report relative to the providing of a future bank currency for the country. Under the existing system, of course, the bank circulation is fated to pay the National debt is paid. The reduction has been going on, and will quite likely continue until nothing is left. This has been clearly evident for several years that several plans have been suggested providing for a substitute. The Comptroller's plan has received very general consideration, as it ought, coming from a person so well qualified to speak, and fortified with so much sound reasoning. From time to time other plans have appeared in the columns of our Magazine. But the more we meditate upon the subject and study into the needs of the people and the course of our currency circulation, the less occasion there seems to be for proposing a substitute at all in the event of a reduction of the Na-

tional bank circulation. The reasons for this opinion may be briefly stated. While admitting that the country ought to be amply supplied with a circulating medium, it is more and more clearly seen that bills of exchange and bank checks are becoming potent instrumentalities for the payment of debts. If the diminution of bank circulation also meant the diminution of bank deposits, which, of course, furnish the basis for bank checks, then, indeed, might we look with disquietude on any diminution of the bank circulation; but the truth is, as statistics clearly show, notwithstanding the reduction in bank circulation—caused by the payment of the National bonds, and in some cases by the withdrawal of circulation through the belief that more money can be made by selling the basis of it and loaning the proceeds—bank deposits are constantly increasing. So long as this is the case, we need not be in the least troubled by any reduction of the National bank circulation. Of course the statement is constantly made that the reduction of the money of a country of whatever kind it may consist implies a reduction of bank deposits. This deduction was stated in the report of the Silver Commission a few years ago, and has been stated over and over again; but we repeat that, notwithstanding the reduction of National bank notes, bank deposits have increased. Now, how has this happened? It would seem to be an impossibility, but the explanation is really very simple. It is this: bank deposits have increased in consequence of the multiplying of bank checks. The same dollar circulates more rapidly and performs a larger function than it did before. This is the whole story. As we showed last month, there has been a diminution in the paper currency of Great Britain since 1844, and while the supply of gold has very considerably increased, the bank deposits have increased in a very much larger proportion, and the reason is simply because bank checks have multiplied, and people deposit more frequently and carry less money in their pockets, making payments to a greater extent, than they did previously, through bank checks. This is a wonderful economy in the use of money, and with progress in this direction the need for money diminishes.

Comptroller Knox showed only a few years ago that ninety per cent. of all payments were made in bank checks, leaving only four per cent. of money payments. This cannot be reduced below the four per cent. remaining, but it is often asserted that as population increases and business expands, a larger amount of money is necessary to transact the business. This depends on the use made of bank checks and bills of exchange. If the banks multiply sufficiently, and through them the additional use for money is supplied by the use of checks, no suffering will ensue, even if another dollar is added to our monetary circulation.

Further, these banks are increasing in every direction, with obvious

advantage to the people. There are hundreds and thousands of villages in which they might be created and serve a useful purpose. A vast amount of money which now circulates among the people and reaches the banks but slowly, if at all, would go into them, and, what we said in the beginning is true, would have the same effect in increasing the paying power of the circulation as the creation of more currency.

These thoughts, though briefly expressed, are worthy of attention, for we are confident that the more they are considered, the deeper will the truth appear to be contained in them. Moreover, we think it will be more than ever apparent that, after all, it is quite unnecessary for us to concern ourselves much about increasing the circulating medium of the country, that we shall get on quite well with what we have, and that no alarm or disquietude need be felt over the reduction of National bank notes now going on. As for the bank circulation, two opinions exist among National bankers. The banks in the larger places care but little for their circulation, while those in the smaller places deem the note profits essential in order to obtain a reasonable return on their capital. On the other hand, it must be remembered that any form of bank circulation guaranteed by the State or issued by State authority, is in some degree unpopular. No scheme for providing such a circulation is likely to meet with cordial approval. This is clearly enough seen by the banks themselves, and is the one strong reason which reconciles them to the continued tax on their circulation. This question is by no means settled, and we are likely to hear much about it in the future; in the meantime, let the suggestions or hints above noted be pondered by those who have the deepest interest in the matter.

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The appropriations for the next fiscal year, which are estimated and asked for by the Treasury Department, exceed by \$15,678,154 the Treasury estimates, and by \$50,826,710 the actual Congressional appropriations for the current fiscal year. The principal cause of the increase is the great appropriations asked for the navy. But the Secretary of the Navy himself admits that \$75,000,000 expended within recent years for naval construction and repairs, have been substantially thrown away, and that there is no hope for any change for the better in the future, without a complete reconstruction of the Navy Department itself. It would have seemed to be the part of wisdom to defer asking for larger appropriations, until this reconstruction is actually accomplished, and in a manner which will command public confidence. Until it is so accomplished, appropriations, instead of being increased, should be diminished.



## THE REPORT OF THE SECRETARY OF THE TREASURY.

We regret that the report of the Secretary did not appear season for us to make some use of it in our last issue. First all, let us note that it is quite in the line of its predecessors. It is cheerful to note the conservatism which has marked the course of the Administration of the Treasury for many years. Changes in politics seem to be frequent. Men are elected for a few months or for a few years at the longest. Cabinet positions are rarely held except for a short period, and yet, with all the changes constantly going on of this nature, the course of the Treasury department has been singularly uniform and conservative. For example, when the war closed Mr. McCulloch was at the head of the Treasury department, and very soon announced his determination to do whatever was in his power to restore specie payments. He remained in office during President Johnson's term. During the next eight years four men were in the Treasury department, and while one officer served through President Hayes' term, during the next four years four men presided over that department. Nevertheless, the policy announced by Mr. McCulloch was never changed, but was kept clearly in sight until resumption was brought about, and which has been maintained with the same determination as marked the conduct of those who sought to accomplish this end. This remark is equally true of many other matters of importance. The course of the Treasury department has been conservative, and has been quite uniform, whatever changes may have occurred elsewhere.

The recommendation of Mr. Manning on the silver question is another example. It is quite in harmony with what has been said by his predecessors. All of them clearly saw the danger of the existing policy, and prophesied the evil consequences that would ensue. All were equally strenuous in demanding its cessation. Mr. Manning, therefore, has reinforced what they have said, but has made a far more powerful plea, because the danger is more apparent and the need of guarding against it more generally recognized.

His recommendations, too, on the tariff and other matters are also of a conservative character, and are at once a proof of the wisdom of his predecessors, and the sure indication of his conservatism and regard for the best interests of the country. Looked in this light, the Treasury report is a hopeful document, and indicative of stability amid change, of thoughtfulness amid thought.

lessness, of a true regard for whatever is best amid other forces and influences which are operative only for the moment. The report clearly shows that the Secretary realizes his position, and is determined to exercise, as his predecessors have done, his power for the welfare of all.

Perhaps the most hopeless and despairing feature of his report is, that, like those of his predecessors, Congress will probably pay but little regard or attention to his recommendations, whatever they may be. Judging from the conduct of Congress for more than fifty years, it would seem to be about the most thankless business in the world for the heads of the departments to make recommendations of any kind. The newspapers speculate on the nature of these recommendations, what they are likely to be, their importance, and when they appear, they are discussed for a day or two, and that is the end of them. Here and there a word of praise or condemnation is heard, and then these recommendations, whether good or bad, pass away and are heard of no more. When our Government was first put on its legs, the recommendations of the President or heads of departments were regarded just as the recommendations of the ministry of other governments, but this state of things has long since passed away. Jefferson was the last president, excepting Jackson, whose opinions and recommendations have had much weight in moulding the legislation of Congress. It is a most remarkable fact what little weight these recommendations for many years have had; nevertheless, they serve a good purpose; they give a kind of tone to the Government; they do something in the way of setting or changing the current of popular sentiment, and it is also fitting to say that in most cases the recommendations are wise, sustained with sound reasoning, and, therefore, improving in their effect on the people. In this respect the recommendations have a value and are worth continuing, but it is to be regretted that our legislators do not seek to embody more of them in their legislation. Certainly, if this were done, the legislation of Congress would be colored more brightly with reformatory and helpful measures than it is now. Whether Mr. Manning's recommendations will receive greater attention than those of his predecessors will soon be known. It is to be hoped that they will. As previously remarked concerning Comptroller Cannon's report, this document and those issued annually by the heads of the departments are really valuable, and we regard it as a hopeful sign that the newspapers print them so fully, and that the people are seeking to read and study them more carefully than they did formerly.

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## COIN AS CURRENCY.

The currency question which, apparently, was better understood fifty years since than at present, has been prominently placed before our people by the President, who fully recognizes its importance and the necessity for an early settlement of some points in regard to which there is very great diversity of opinion among the most intelligent and experienced bankers and men of business, as well as among those who give us theories, without experience.

We may properly place first, the question whether it is or is not possible to secure the use of the right quantity of the right kind of notes, which act as mere small change in our transactions which are mainly effected by other forms of currency, and dispense with coin entirely, except for sums so small that paper would cost more.

Gold and silver coins are only an expensive form of currency, which, as Mr. Webster said in one of his speeches, more than fifty years since, consists of all those things with which we effect our commercial transactions.

It does not appear by our experience in this country under the old United States bank system, and especially in New England under the Suffolk bank system, voluntarily established sixty years since by some of our wisest business men, that specie is necessary as currency, or even as the basis or foundation of the currency. All experience shows that a *true currency* is founded upon and represents the commodities to which it is the title, as the deed is to real estate, and we transfer our right to the property by its use.

The banker does not lend money, but merchandise, which constitutes his capital, and that of his depositors. If he issues notes they are practically certificates of deposit, showing how much he owes the public at large who carry the notes, or keep them in circulation, and lose the interest which he gains, and which should be equitably divided by payment into the public Treasury of a certain portion, to be determined by the ruling rate of interest on loans.

Beyond this, there should be no interference with his business by the Government, any more than with that of the manufacturer who creates, and the merchant who sells precisely the same commodities which he lends, and can continue to lend without issuing any notes. While it can be shown that the business of the country can be transacted without the use of bank notes, and that private as well as banker's checks can be made for small as well as large sums, as in England, it is not designed to dispense with their presence here, or to limit the amount issued by legislation.

on the contrary, the Government should prepare the notes as at present, and entrust them for circulation to such bankers, as our merchants, as can deposit the required security for prompt redemption, or convertibility, so that not only the people at large, but all government officers could use them with perfect safety in place of coin. And the terms should be so adjusted that the holder would always be able to meet the demand, which would depend upon the volume of our transactions, and not upon legislative or executive action. Then, if the notes were required, they would make their appearance. Now, if we ask for small notes, which we want, we are offered a degraded, changeable piece of silver which we do not want. We ask for bread, and we are offered a loaf of that, more hereafter in connection with the threatening prospect of the question between labor and capital, which depends upon the settlement of the silver question. What all nations need, and can easily have, is a sufficient, but never redundant, bank-note currency, better, because cheaper, than coin and more convenient convertible, without charge, into that which is equal to gold over the world.

But before that desirable result can be reached, we must abandon the idea that there can be two money standards, and agree that it shall be gold only. There are sufficient reasons why it should be gold, and not silver, and there is a single one which ought to satisfy all persons that there cannot be two standards of value, for legislation has no power over value. We can, by legislation, compel a person to accept less, or pay more, than has been estimated. We have done both, and the Supreme Court and some other people say it is all right. We complain of repudiation in Virginia, while standing as a whole nation upon the brink of a change of our money standard from one hundred down to eighty! The constitution wisely forbids legislation by individual States, tending to impair the validity of contracts. We condemn sin on a small scale, but think it respectable for the nation. Individual murder is punishable, but war and murder by wholesale is glorious! Let us reform and be honest, by declaring that there shall be no more discussion about a double standard, but all contracts shall stand in gold or its equivalent.

The effect would soon be shown in the disposition of those who have capital to loan, but do not dare to take the risk of being defrauded by the offer of payment in silver hereafter. The enterprises, which would require long time and large means for completion, are not attractive, as they should be, and the laborers are thrown back upon other employments, and we have complaints of stagnation of production, which will increase rather than diminish, and cause much distress and disorder, unless we are wise and make a change. The President is fully alive as to the dangers, and will use all

his influence in the right direction. But the question is beset with difficulty, as it is not the silver men alone, or those interested in its production, with whom we have to contend, but all who are debtors, or borrowers; and naturally feel that it will be easier to pay eighty than one hundred. They make their influence felt in Congress, while the lenders and the laborers suffer and are powerless. The West and the South owe the East, and our bankers who act for themselves and their constituents abroad, are denounced as selfish and unprincipled, while they really ask nothing but justice, fair dealing and common honesty.

It is, of course, quite impossible to predict what will occur, for while history repeats itself and principles remain unchanged, conditions may be varied and the most unexpected may happen. The probabilities are, that there will be a degradation of our monetary standard, an inflation of prices, a fraudulent payment of debts, an era of wild speculation, and, after sufficient punishment, a return to the only safe standard, and a consequent increase in all our indebtedness, as there was under the acts of 1869 and 1875, and plenty of failures, as in the crisis of 1873.

Whether by that time we shall have learned wisdom, and taken steps to prevent the recurrence of such disastrous storms as have heretofore overtaken us, I do not undertake to say. But I am certain that, until we have agreed, as a nation, that there shall be but one standard of value (which ought to be international), and that this shall never be changed without express provision for existing obligations, there will be no peace or prosperity for this country such as, by its position and resources, it deserves.

Let us be wise in season, and show to other nations an example which they can safely follow forever.

DAVID WILDER.

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The British National debt, although nominally stationary, has increased one-third in its real burden by the increase in the purchasing power of money within the past ten or twelve years. During the high prices which prevailed during the first twenty years after the great gold discoveries, the British people could have extinguished at least one-half of it, without being conscious of an extra burden of taxation. They have now come to evil days, when it will require all their endurance to pay the taxes necessary to prevent their debt from becoming still greater. Mr. Gladstone, a financier, will be as odious to the coming generation of Englishmen, as he has been the favorite of the past generation.

## WESTERN FARM LOANS.

There is no subject that more properly engages public attention to-day than the business depression prevailing throughout this country, its causes, and possible remedies.

Woodward, in his very readable article on "Investments" in *BANKER'S MAGAZINE* for November, has ably presented his view of this many-sided subject, but it is quite possible that this gentleman has not grasped the whole truth of the matter. And we are sure that a person so intelligently observant, and who has evidently given so much thought to his subject, should for any reason be proposed to a form of investment which might be made to be very remedial in its effect upon the times.

It would be impossible to compute in just what degree it may have contributed to the present financial situation, that for many years emigration has been steadily flowing westward, while the bulk of the capital has been left behind. The average man goes West to make his fortune—rarely does he carry one with him. And much of the little sum with which he may have started out is necessarily returned back to the older country, in return for the scanty wages that makes the frontier cabin habitable, the barbed wire fences the homestead, and the agricultural implements for its cultivation. Everything, except the bare necessities of life, he must bring from the East, with the expense of the long freightage added to the first cost. And the result is, that while the West is growing up with marvelous rapidity, the proportion of wealth *per capita* is very small.

While the manufacturers of New England are groaning under the burden of unsold goods, and capitalists are crying for investment that will pay them more than four per cent., from the West comes back a counter cry: "We want money, that we may cultivate more land, employ more labor, buy more live stock, raise more wheat, improve our homes and supply more comforts for our families. Lend us money," it cries to the rich old East, "that we may seize upon the opportunities this grand country is continually offering out to us. Then will we buy your woolens and cottons, boots and shoes, and all the things we need, but now are unable to do without, for lack of ready money to pay for them; and for the use of your capital we will divide our profits with you. We will give you ten, or even twelve per cent."

It is then that the financier, who thinks he knows all about investments, rises and gives vent to his feelings: "It is impossible. The purchaser of Government bonds, at present

rates, realizes on his investment from 2.9 to 3.25 only; and in nation, and among any people, the Government rate of interest comes the standard. You could possibly afford to pay a trifle more—we admit that capital finds a more ready employment in this section, and hence is slightly more valuable; but when it is resented that ten or twelve per cent. can be given upon first investments, the statement is a mere fiction."

With respect to these loans upon Western farm property, Woodward himself suggests that most Eastern people in dealing with them, work at arm's length, as it were, upon information taken at second hand. His article is proof that he has labored under this disadvantage in writing upon the subject.

As the times are, I should say that ten or twelve per cent. are rather better figures than are generally promised investors upon these securities. Eight per cent. is the more common rate; because the Western farmers cannot nor do not pay more, but because the agents who negotiate the loans, and guarantee the investments, who practically relieve the investor of every responsibility in the business, not having, as a class, come West for themselves, generally expect a fairly liberal commission for their services, which cuts down the interest to be paid the investor to just that extent. If, however, one should be promised ten or twelve, or even fifteen per cent., by any *responsible agent*, there could be no question in the mind of any person that really knows the West, and who knows it is worth, but that just that rate would be paid.

I have emphasized the phrase "responsible agent," for as Woodward's article on "Investments" admits, therein lies the gist of all the troubles that have roused this wholesale denunciation of Western farm loans.

It would seem that there is no business more commonly offered to the young man who has taken the immortal Greeley's advice, than dabbling in securities of this description. Dazzled by the high interest rates prevailing, and remembering the Eastern friends benightedly contenting themselves with three or four per cent. investments, he at once conceives a scheme for their mutual benefit. He hears of people offering two per cent. a month for their money. What could be better all around than to give the Eastern friends twelve per cent. for their funds, while he, as agent, receives in his pocket no less as commissions? The college curriculum of the tyro investment banker included little applying to practical farming; he is no judge at all of the comparative value of farm lands, while most likely he locates in Denver, or some attractive Western commercial center, where his opportunities for agricultural enlightenment are as small as well could be. All the same, real estate speculation is what investors demand, and gilt-edged real estate securities confidently promises, all unwittingly that the first ungodly gr

"play him for a tenderfoot" to his ultimate shame and ruin. In case he is a fool: but occasionally it happens that he is not. In either event the result is likely to be the same. If the money is lost, and there rises a howl against the West from the East.

Men may be found to trust their money to such agents as persons of no financial responsibility, who do not assume any responsibility for the payment of loans they place, and whose guaranty has no value if they did. It would seem that there are men whose greed may so control their judgment that, with the influence of gamblers, they will blindly rush into any enterprise that promises large returns—encounter any risk for the sake of possible gain. We feel justified in saying that more than half the losses occur through these investments on Western farms—indeed we think that almost all—may be directly charged to the lack of ordinary business prudence on the part of the investors themselves. It could be more manifestly unjust than to condemn a whole class of investments, because of the unfortunate gullibility of some fools or the manipulations of a few rascals.

A person who proposes to place his money on a Western farm should first of all inform himself where are the lands of growing value, where emigration tends preferably to settle, and improvements are progressing most rapidly. It would be well, then, that he should know where the local laws, varying in the different States and Territories, seem most to favor the investor. Thus, in Nebraska, a farmer must elapse after default of payment, and an expense incurred of one hundred dollars before property may be taken under a deed, while in Colorado a failure of one interest payment on the property to be seized at once and advertised for sale, and of course renders the latter the safer field for investment.

A loan agent should preferably be chosen who is located in a good farming center, and the smaller the town the better, for he may not only be assumed to know the lands around him, but also to have a familiar acquaintance with the men who are to borrow, their sobriety, honesty, and general reliability. In the business should be conducted through any bank or institution whose financial responsibility cannot be readily discovered; for the investor has a right to expect that the bank, or other institution, should practically relieve him of all anxiety by themselves seeing the payment of every dollar of both principal and interest of all loans placed by them. All right-meaning agents are willing to do this; a refusal would imply a most damaging reflection on the securities they have to offer.

It is needless to remark that no rate of interest should blind a man to the importance of having ample security for his money; as a rule, upon farms, no more should be loaned than one-



third of the value of the lands, exclusive of the buildings; alone that the lender should be fully indemnified in the event of foreclosure—for a well-placed mortgage is never foreclosed!—that the borrower may not be allowed to hamper himself with more debt than he could reasonably be expected to carry successfully, and that he may have every incentive to pay the loan and redeem his property.

Before consenting to the investment, the signed and sworn application for the loan should be seen and carefully considered. It is usually a printed form, filled out by the applicant, giving the location of the land, the quality of the soil, the number of acres, broken and under ditch, the source and quantity of water for irrigation (assuming that the locality has insufficient rainfall), the improvements in the way of houses, barns, fences, etc., the purpose for which the money is wanted, assessed value of land in the same locality, and all other details which may be needful for a complete understanding of the security offered. It is generally found that a large part of the loan is to go directly to enhance the value of the security by putting up more substantial buildings, breaking more land, planting trees, or the like.

The loan accepted, the investor should see that he receives the final papers, and that they are without flaw. There should be the principal note, with interest coupons attached; the trust deed, with insurance upon the buildings, assigned, in case of loss, to the lender; and a complete abstract of the property, showing the title to be perfect. With his agent's guarantee he is doubly secured, and to that extent he profits by that person's prosperity, he is absolutely independent of any financial storm that might overtake the farmer. Let the bank become insolvent, or the investment agency go completely awreck, the papers of the loan are all in the investor's hands, all made out in his own name, and he has only to go on clipping off his coupons as they mature, serenely confident that the bank can accomplish the collections for him. Armed with these securities, he has an investment as absolutely ironclad as any he can make, and whatever interest may be promised him, just that he is bound to receive.

It may not be unprofitable to consider somewhat the opportunities for investment open to the Western farmer. The value of money, like any other commodity, depends upon the profit that may be gotten out of it; thus, the man who knows how he may get thirty per cent. on a given capital can afford to pay more for the use of the money than he who sees no way to get more than ten per cent. out of it. It is generally conceded that the West offers more profitable openings for capital than the East, but just how profitable is but little understood. We do not propose to point out the exceptional great fortunes, and argue in a general way

be done; we will rather glance about among the workmen  
meeting every day, the men who are largely dependent upon  
wed capital, and see what they are doing.

the raising of cattle, sheep, and grain, are the leading industries  
of the Missouri. In the farming section with which I am  
familiar, it is generally reckoned that the cost of producing  
bushel of wheat is sixty cents. The market price of wheat at  
present writing (November) is seventy-five cents per bushel, a  
of twenty-five per cent. already, while many of our farmers  
holding for higher figures. There has been no question in the  
s of these farmers but that they could afford to borrow a  
part of the capital to raise this wheat, and still another large  
nt to enable them to hold it, paying twelve and fifteen per  
interest, generally discounted, and nobody anticipates a finan-  
panic upon the maturing of these notes. It was not long since  
one of my good neighbors bought a few thousand sheep. He  
d them up at a bargain, and the first year's wool clip paid  
a trifle over fifty per cent. upon his investment, while the cost  
sheeping was more than covered by the increase. Another for-  
e individual came to Colorado about five years ago, from a  
Massachusetts town, bringing with him a little capital of  
fifteen hundred dollars. He hired a mountain ranch and  
his money into cattle, working slowly, buying a cow here and  
fer there, as he found them for sale cheap. In the five years  
have been few months when his bank has not been holding  
otes for a greater or less amount at fifteen or eighteen per  
interest; yet to-day that man owns a homestead of 160 acres  
a he has taken from the Government, with good house, barns,  
corrals; he has bought the first rented ranch; and his herd  
attle is worth about \$6,000. These are simple, every-day in-  
es of Western life; what grit, good sense, and hard work are  
nually accomplishing.

ring the subject a broader view, the Colorado census, for 1885,  
completed, places the value of farm property in the State at  
\$81,863; while the farm productions, for 1884, are \$7,386,322.  
ould be remembered that the estimated value of the farms  
ents but a comparatively small investment of capital. Most  
e lands have been taken from the Government at little or no  
se, while each farm has enhanced in value as much, if not  
from the settling and improving of the neighboring lands, as  
what may have been actually expended upon itself. Thus, a  
of something over twenty-two per cent. has been realized  
a considerable sum, for which, strictly speaking, the farmers  
never put up any equivalent, either in capital or labor. Given  
figures, any school-boy could reckon that, if the entire farm  
erty of Colorado had been mortgaged to one-third its assessed

valuation, in 1884, to furnish working capital and forward improvements, the farmers could have managed, very comfortably, to pay ten or twelve per cent. for the use of the money.

In the years of our experience as a bank in a small Colorado town, our dealings with this class of men have amounted to many millions of dollars. Never have our regular rates of discount been less than fifteen per cent., while we have placed few loans upon farms so low as ten per cent. Yet never have we lost a dollar of our own or money entrusted to us for investment, and never have we been forced to foreclose a mortgage. This is but the ordinary experience of bankers in the agricultural communities of the West.

I believe that there is not to-day a better class of men with whom to have business dealings than these Western farmers—none more generally honest and reliable. The rich opportunities of the country tend to tempt them often into undertaking more business than their capital would seem to legitimately warrant. It is a habit of the country to carry a load of debt that to an Eastern mind appears appalling; but this is rendered excusable by the accompanying condition—the habit of paying these debts.

We have considered the subject quite from the investor's standpoint. On the farmer's side, we might be glad to see them supplied with all the money for which they could offer good security, at as low rates as prevail in the East, as inevitably will come with time. But that day will not arrive until by their own progress and accumulation they have made themselves as rich as the older country, unless meanwhile, by some miracle, the East generally should so awake to the rich field open to it, as to kill the bird now producing the golden egg, by making their money a drug in our markets. This contingency is not imminent. Nothing is more timorously conservative than capital; and Eastern financiers, grown accustomed to the small returns on their legitimate home investments, are incredulous of the large promises held out to them by the great new country beyond their ken. It is suggestive of the feast of the parable, to which those that were bidden, to their eternal loss and shame, began with one accord to make excuse.

FRANK HALE STICKNEY.



## FINANCIAL FACTS AND OPINIONS.

The Annual Report (November 30) of the Utica Board of Trade gives a doleful account of the prostration of the cheese markets, in 1885, as compared with 1884 and previous years. The average price per pound realized in the sales at Utica during 1885, was 7 cents and 9½ mills, said to be "the lowest on record." The amount of the sales was \$1,531,150, which is \$457,379 less than in 1884, although the number of boxes sold was 5,775 greater. At Little Falls, the sales in 1885 were 208,067 boxes for \$990,606, as compared with 226,196 boxes sold for \$1,407,391 in 1884. The present depression of general agricultural prices has not been exceeded for many years, but does not reach the low point of 1824, when, in many cases, the spectacle was witnessed of wheat left unharvested in the Western States, because it could not be sold for the cost of reaping and threshing it. The difficulty then was, that foreign markets were low and unremunerative, and that no sufficient markets at home had been created, by protecting and fostering manufactures and mining. Now, although foreign markets are more open to us than they were then, the prices they offer are low and still falling, but we have a home market great enough to save us the extremity of distress which was witnessed sixty years ago. This home market, which is our surest and best reliance, can be made still greater by a further extension and diversification of our industries. The object of American statesmanship should always be, not the expansion of a treacherous and deceptive foreign trade, but the cultivation of home trade and exchanges, by producing, ourselves, more and more of the objects of consumption.

There is under discussion, in Paris, a proposition to repeal the *octroi* duties which fall upon consumption, and yield an annual revenue of 120,000,000 francs, and to substitute for them, taxes upon either the capital value, or income, of real estate. This has caused inquiries into the value and rentals of lands and building. A report recently made to the Municipal Council, of Paris, estimates the rentals of buildings at 750,000,000 francs, or \$150,000,000, and the capital value of vacant lots, at 2,000,000,000 francs, or \$400,000,000. The rentals of London, a much larger city than Paris, are valued, for assessing income taxes, at \$125,000,000, but are commonly believed to be actually \$150,000,000. Upon a comparison of the two cities, an estimate of \$150,000,000 for the Paris rentals would seem to be too large. Possibly, the estimate may have been designedly swollen, for the purpose of showing how well able the real

estate of Paris is to bear the burden of city expenditures, but the transfer of that burden, from consumption to the shoulders of property holders, is not a thing likely to be done, until there is a change in the political influences which are dominant in the French capital.

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The income of British lands, as officially fixed for purposes of taxation, has declined, within five years, £5,000,000, which is equal to a loss of £150,000,000, or \$750,000,000, in their capital value, reckoning the actual British rate of interest at  $3\frac{1}{2}$  per cent. The London *Economist* thinks that this official rating of the fall in rentals is "somewhat near the mark." There are other authorities which make the fall much greater. Statements are made that the rents obtainable are now 30 per cent. lower than they were five years ago, and that agricultural estates cannot be sold for more than half as much as they would have commanded ten years ago. If things are not yet quite so bad as these last statements would make them appear, all the indications are that they soon will be. When the wheat imported into Great Britain fell to prices which made the old rents impossible to be paid upon land devoted to the production of that cereal, British farmers were encouraged to believe that they might still pay their former rents by dairy products and by raising animals for the butcher; but foreign and colonial competition in meats, butter, and cheese has become so severe as to put an end to that hope.

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A city paper (the *Tribune*, of Nov. 23) says that "the level of prices is now lower than it was a year ago." There is no doubt that this is true; that the recent slight improvement has been merely a reaction from the much lower range of prices touched during last summer; and that there has been no improvement, but, in fact, a further fall, as compared with the end of 1884. In Europe, also, prices have continued to decline during the present year, but without the summer reaction which was experienced here. A probable explanation of that difference may be, that the depression here at the worst point in the summer may have been more extreme than it was on the other side of the Atlantic.

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The London *Economist* admits an editorial article, probably contributed by some *amateur* writer, in which the extraordinary statement is made that "the use of silver is larger in arts and manufacture than that of gold." The approved authorities make it only about one-half as large. The Director of our Mint, in his report of four years ago, estimates the consumption of gold in the arts at not less than \$75,000,000, and that of silver at \$35,000,000, the estimates as to silver being, however, undoubtedly too low. If the

consumption of silver was as great as that of gold, what was left for coinage would barely supply the material for the 28 million silver dollars struck at our mints.

All the parties to the Latin Union Treaty, except Belgium, signed, in November, an extension of it for five years, from January 1, 1886. After that date it can be terminated at the will of any one of the parties, by giving one year's notice, but if not terminated in that way, it continues indefinitely. The principal change introduced into the extended treaty is a provision, that whenever the treaty does come to an end, there shall be a Clearing-house liquidation between the different governments, in respect to the silver in their respective treasuries. Each government is to be then holden to redeem its own silver coins, in either the silver coin of the governments asking a redemption, or in gold, but this redemption is to be spread over a term of five years, with an allowance of interest for the second, third, and fourth years, at the rate of one per cent. per annum, and for the fifth year at the rate of  $1\frac{1}{2}$  per cent. Switzerland reserves the right to withdraw from the Union at the end of one year.

The coinage of silver is to remain suspended, as it has been since 1876, but with the new proviso, that either party may coin without limit, if it will agree that the redemption of silver, as between its government and the governments of the other countries, shall begin immediately, instead of being deferred till the termination of the Treaty.

In respect to subsidiary silver coins, no increase of them is arranged for, except that for special reasons Switzerland is allowed twelve hundred thousand francs of additional subsidiary coins, and that France and Italy are allowed to re-coin some old silver coins, not of the present standards and denominations, into subsidiary coins of the present styles.

The London *Economist* describes the extended Treaty by saying that "broadly speaking, it may be said to leave the signatory Powers pretty much in their present position in regard to the use of silver." This is a sufficiently correct description of the Treaty so far as the present use of silver is concerned. We have no information as to how much significance should be attached to the new provision, that any of the countries, may recommence the unlimited coinage of silver, subject to a redemption of it in gold, not generally and at home, but so far as the silver may become the property of the public treasuries of the other countries of the Union.

The difficulty between France and Belgium about the extension of the Latin Union Treaty was adjusted at the beginning of December. The compromise arrived at was, that at the expiration of the extended treaty, Belgium should be required to redeem only half of

the balances of its silver then held by the other Powers, leaving the other half to be used for the most it might be worth in the market. Italy held off for several days from agreeing to accord the favor to Belgium, but finally gave in, and the extension of the treaty for five years was thereupon signed by all the old parties to it.

A city paper (the *Times*) says of the recently-continued Latin Union, that it "is, in effect, the adoption of the plan of a single standard of gold for all exchanges beyond a limited amount, within which they may be made in silver." The *Times* has certainly been misled in making this statement. The silver coins of the Latin Union, except the subsidiary coins which are below the standard nine-tenths fine, remain as they always were, a legal tender for all sums and for all debts, public and private, upon an equality with gold, and no suggestion of any change in that particular was made by any of the parties to the extended treaty.

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The report of the new Treasurer of the United States recommends innumerable changes in the coinage, currency, and other financial laws, very few, if any, of which are likely to be adopted. His proposal to suppress the issue of certificates for gold, silver, and greenbacks deposited in the Treasury is said to be very generally condemned in Congress. His proposal to repeal the law giving to holders of subsidiary coins the right to have them redeemed in lawful money, violates sound principles, and is contrary to the precedents in every European country which issues such coins. All the moneys in circulation should have a parity of value, so as to be interchangeable in the market without discounts. The smallest piece of money should be as good money as a \$10,000 gold certificate. Subsidiary silver coins, being below standard weight and of only limited tender capacity, ought to be kept at an actual parity with other money by being received without limit for all Government taxes, as is practiced in Europe, or by being redeemed in full-tender lawful money, as they are now in this country. In one of the modes, or in some equally efficient mode, it should be made absolute that the money, received as the wages of labor, shall not be subjected to shaving and brokerage, when used by laborers to pay off mortgages on their houses, or any other debts which they may owe. So long as subsidiary coins do not enjoy the full-tender power they must be made practically equal to the moneys which do enjoy that power, by an unlimited receipt of them for all Government taxes, or by their unlimited redemption in lawful money. The plain principles of justice and good policy are now established in our legislation, and ought to be inflexibly adhered to.

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During September, October and November, of 1885, the export of gold from Great Britain to Germany amounted to £2,156,000, as compared with £71,000 during the corresponding months of 1884. The Bank of Germany was the principal receiver of this gold, but as its total coin reserve increased during the same time £1,653,000, the gold imported from England must have been an addition to its metallic reserve, and not a substitution for the silver part of it. The London *Economist* is of the opinion that the German Bank is strengthening itself, from a fear of the consequences of the war between the Balkan States.

The Vienna correspondence in the London *Economist* of December 5, says that a combination has been formed between the bimetalists and the agricultural interests of Germany, and that a committee of the "Association of German Landlords and Farmers" has resolved to circulate petitions in favor of the double standard. The correspondence adds—

Already one of the most influential societies, the Agricultural Association for Pomerania, has presented a memorial to Prince Bismarck which asks for the introduction of an international standard, even without England.

There are amusing cases of differences of opinion. Thus, a city paper, the *Evening Post*, of December 8, which is in full sympathy with the antagonism of the Administration to the silver dollar, says of the annual report of Secretary Manning:

The joiner who prepared the eighteen pages on monometallism and bimetalism, or, as he calls it, "Metallism—Mono and Bi," is a crank. A more dreary and baffling and unnecessary disquisition was never put in print. The terminology is painful, and in places exasperating, and the reasoning laboriously intricate and obscure.

*Per contra*, at a meeting (December 10) of the New York Chamber of Commerce, a memorial to Congress was adopted in respect to the silver dollar coinage, in which it is said that "the dangers are clearly and justly set forth in the message of the President and in the report of the Secretary of the Treasury."

United States Treasurer Jordan recommends that the sinking fund be reduced to 1 per cent. of the debt, without adding to it the interest on the accumulations already in the fund. This, he says, would reduce the fund for the next fiscal year to \$15,000,000. In our opinion the first duty of Congress is to see if it has any power to compel the Treasury Department to pay any attention to the present sinking-fund law. It is idle either to enact or amend sinking-fund laws, if they are to be totally ignored and disregarded by executive officers.

The Agricultural Bureau Report for last December gives 33 cents as the average price of corn in the States which produce it, as com-



pared with 36 cents in December, 1884, and as compared with 4 cents in December of the ten years prior to 1885. In some States where there has been an increase in stock-feeding, the price of corn in last December, as compared with the previous December, shows an advance, as in Kansas, where the advance was from 22 to 24 cents; in Iowa, where the advance was from 23 to 24 cents; and in Nebraska, where the advance was from 18 to 19 cents.

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Mr. A. S. Hewitt is reported to have stated, and apparently with approval, that it has been an established principle with the British House of Commons to insist upon a reduction of taxes, if the taxes were estimated as likely to produce more than one million sterling in excess of the actual expenditures of the Government. Such a principle contemplated, of course, that the National debt should remain undiminished, and with no attempt to make it any smaller. It was undoubtedly the favorite principle of Mr. Gladstone, who has influenced British ideas of finance since 1850 more largely than any other man. These ideas received a rude shock two or three years ago, when the paying off of the United States debt was in full progress. The English then made some arrangements to reduce their own, being evidently afraid of the political and commercial consequences of leaving themselves under the disadvantages of being hampered and weakened by great financial obligations, when the prospect seemed to be that we should soon be wholly free from debt. These arrangements, however, have been made ineffective by wars and preparations for war, which have been forced upon Great Britain by circumstances arising in its widely-extended dominions.

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Mr. Gladstone gained and enjoyed a long popularity by his policy of devoting the surplus revenues which arose out of the improvements given to commerce, manufactures, and navigation by the gold discoveries in California and Australia, to reductions of taxes, rather than to diminishing debt; but history will condemn him as having sacrificed the permanent interests of his country, from either a lack of the forecast required in great affairs, or from an overweening desire for temporary applause and for office and power.

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In the six years ending on the 30th of last June, according to the London *Economist*, the consumption of cotton in the yarn and cloth mills of India increased from 267,585 bales of 392 pounds, to 596,749 bales, or rather more than doubled. The working up of cotton in Indian factories has, substantially the whole of it, grown up within fifteen years, and is still making rapid progress. Of the productions, there is a very considerable export of yarns, mainly to China, and some export of cloths to China, to the east coast

Africa, and to other places on the Indian Ocean. The English view of the case is, that as the Indian mills pay for their raw material and labor in silver money, they can sell in China and other silver-using countries, without that loss in exchange which is suffered by British manufacturers, who must convert into gold the silver received in their sales in Asia. British authorities agree, with scarcely an exception, that the extraordinary agricultural and manufacturing prosperity of India during the past decade is largely due to its standard. In itself, this prosperity is gratifying to the English, who reap benefits from it in many ways. But so far as it is obtained at their expense they naturally dislike it, and they know well that if they lose the supplying of Eastern Asia with cotton goods, England will no longer be the first manufacturing country in the world.

Until very recently, it has been overlooked in discussing the policy adopted by the present Secretary of the Treasury of withdrawing the \$1 and \$2 greenbacks, that it is in violation of express law. The Act of Congress of May 31, 1878, "to forbid the further re-issuance of United States legal-tender notes," winds up with the following proviso :

*Provided*, that nothing herein shall prohibit the cancellation and destruction of mutilated notes and the issue of other notes of like denomination in their stead, as now provided by law.

The general direction of this law is, that no legal-tender notes coming into the Treasury shall be canceled, but that they shall be re-issued, paid out, and kept in circulation. The exception made in the proviso is, that mutilated notes may be canceled, but only on the condition that other notes of "like denomination" shall be issued.

If it is possible to make language plain and unmistakable, this law puts the Secretary in a straight jacket, and deprives him of his lawful power to change the denomination of the legal-tender notes. We have never doubted that the attempt to suppress the \$1 and \$2 legal tender is injurious to the public interests and convenience, and that it is condemned by an overwhelming preponderance of public opinion.

## AMERICAN CEREAL EXPORTS.

During the three years ending with 1876 the average Hungarian wheat crop was officially estimated at 19,021,583 hectoliters, but during the three years ending with 1884, at 38,706,538 hectoliters. For the present year it is expected that the crop will foot between 40 and 42 million hectoliters. The hectoliter is nearly three bushels. It is stated, by way of explanation, that until lately the greater part of the Hungarian plains, immense in extent and wonderful fertility, had been used merely for pasturage, but that now, in consequence of the extension of the railroad system, whereas by the movement and exportation of wheat have been cheapened, more and more of these plains have been put under the plough for the production of the cereals.

In this case of Hungary there has been no new discovery of lands capable of growing wheat, nor has any new population been developed to make use of such lands. The lands have always been there, and Hungary has been long occupied by a people numerous enough and skillful enough to use the lands in the cultivation of wheat. What has been lacking, until recently, have been the facilities for handling and moving grain with sufficient economy to make a Hungarian export of grain, on any great scale, commercially practicable. The same thing is true of Russia, and even more true of India, in which the wheat lands were totally inaccessible for the exportation of the grain until railroads connected them with the coast cities. In both those great countries there is no assignable limit to their power to supply the world with wheat, if they were as well supplied with main and branch lines of railroad, and with elevators for the cheap handling of grain, as the United States are and have been for some time past. There are other regions in the Old World, notably both European and Asiatic Turkey, which have great natural capacity for producing wheat, but are still almost entirely destitute of the modern facilities for handling it. They are certain to become exporters when those facilities are obtained.

In the New World there are certain regions exporting wheat to some extent, such as Australia and the Argentine Confederation and other countries on the La Plata waters, which are only beginning to possess the requisite population of cultivators and the railroad and other conveniences for transporting grain. Their development in both particulars is rapid, and they will soon become large suppliers of grain to the world.

It was undoubtedly the common idea in this country until within two or three years, that the United States had something like

natural and permanent superiority of advantages, in the matter of producing wheat for the consuming markets of Western Europe. We forgot that, broad and fertile as our West is, there are to be found other wheat lands equally broad and fertile, and quite as cheap, and that, in reality, the superiority of the American West was merely artificial, and therefore likely to be temporary, being simply the fact that perfected agricultural tools and machinery, elevators and railroads, enabled our western farmers to raise and deliver grain on the seaboard at cheaper rates than their competitors. The delusions on this subject are now being rapidly and decisively dispelled, and with them will disappear the idea of building up a permanent National prosperity upon any such foundation as the exchange of American food products for European iron and manufactured goods. It must soon become obvious to the most obtuse that an American policy like that would enrich nobody but the western Europeans who recommend it to us, and whom it would enable to play us off against Russian and Indian food producers so as to get what they want at starvation prices, while they could supply us with manufactures at their own rates, if they could persuade us to remain merely an agricultural and pastoral people. Nothing would suit the English better than to have the price of our wheat fixed in Liverpool; but western producers of wheat realize better than they did, before new competitors appeared in that market from India, Australia, the La Plata countries, &c., how ruinous it will hereafter be to them to trust their fate as growers of wheat to the tender mercies of British buyers, after paying the cost of a long transportation of 1,000 to 1,500 miles to the seaboard, in addition to freights across the Atlantic Ocean. It is markets at home from which foreign wheat can be excluded, of which they see the need, and which they know to be attainable, not merely in the Atlantic seaboard, but in their own cities, towns and villages, by the diversification of their industries. With wheat at 78 cents per bushel in Chicago, controlled as that market is now by the Liverpool market, the West is not so good a field for the circulation of Cobden Club tracts as it was when the Chicago shippers of wheat to England were paying \$1.50 per bushel. The prices of wheat in foreign markets are miserably low, and with no prospect of recuperation, and it is to enlarged home markets, on the basis of increasing our manufacturing and mining interests, that American producers of the cereals are now looking.

Nor is it in the cereals only that our agriculturists are suffering from a disastrous competition in the markets of Western Europe. Canada has the capacity of fully supplying the whole of those markets with dairy products, for which it has natural advantages even superior to our own. In respect to fresh meats, the improvements in transporting them long distances by the freezing process, enable

them to be brought to Western Europe from even the antipodes and even remote New Zealand is now sensibly lowering the British mutton markets by the enormous supplies which it throws upon them. A new exporter of both beef and mutton is looming up in the La Plata countries. It is even said to be possible that supplies from that quarter might compete in our Atlantic ports with the products of our Western farms, if we did not always have the power of checking such a competition by tariff duties. A contemporary paper (the *Commercial Bulletin* of October 14, 1885) says:

It is by no means beyond the pale of possibility that beef from the Argentine Republic may yet compete in the North Atlantic markets with the products of our own country. Cattle may be said to run wild on the pampas of South America, and, as freights on tramp steamers are low, it would certainly be a novel spectacle to have Buenos Ayres beef and mutton competing with Chicago in the New York market, as it already competes with it to no inconsiderable extent in that of Liverpool.

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## OUR FUTURE MONEY.

[CONCLUDED FROM THE DECEMBER NUMBER.]

Let us look, now, briefly at a chapter or two in our own National history. There can be no reasonable doubt that our Constitution 'contemplates that the money of this country shall be gold and silver.' Hamilton, one of the originators, and certainly one of the best interpreters of that instrument, expresses himself in his report upon the Mint, in 1791, in no uncertain manner: "To annul the use of either of the metals as money is to abridge the quantity of the circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full, with the evils of a scanty, circulation." It is evident, then, that bimetallism was the principle upon which our Government set out. Let us trace its history a little way. As has been mentioned, the first serious outflow of gold from this country occurred in 1821, excited by the large premium attached to it, in consequence of the demands of England for resumption purposes. This continued until 1834, at which time the legal ratio of gold to silver was changed. At this juncture there was, as might be expected, a good deal of needless agitation in favor of a single standard. The monometallic idea gained considerable prominence. It was opposed, however, by the Secretary of the Treasury, Albert Gallatin, and many other men of sound financial views, as being detrimental to every known interest of our people. In 1829, Gallatin having been called upon by the Treasury Department to submit his views upon the general subject, said:

great Britain, till the year 1797, when the suspension of cash payments took place, and all other nations to this day have used two metals simultaneously without any *practical injury*, and to great advantage of the communities, though, in many instances, sufficient care had not been taken to assimilate the legal to the average market value of the two metals. A fact so notorious, so universal and so constant, is sufficient to prove that the objection, though the abstract reasoning on which it is founded is correct, can have no weight in practice."

The California discoveries of 1848 precipitated another agitation in consequence of the cheapening of gold and the exportation of silver to a large extent. The troublesome scarcity of small change for general use about this time, was in consequence of this excessive exportation of silver. It was counteracted by the law of 1853 creating a token coinage of silver for small denominations. But silver for large denominations was not restricted, nor was the law of the country permitting its coinage changed. However, there was a loud cry for demonetization from some quarters, which was for the second time opposed by irresistible influence. Mr. Hunter, chairman of the Finance Committee of the Senate opposed the idea in strong language: "The mischief would be great, indeed, if all the world were to adopt but one of the precious metals as the standard of value. To adopt gold alone would diminish the specie currency more than one-half, and the reduction the other way, should silver be taken as the only standard, would be large enough to prove highly disastrous to the human race."

In 1862 this country suspended specie payments, and consequently gold and silver ceased to be used. There was no law, however, restricting the coinage of either metal until that of 1873 was passed, which, in effect, demonetized silver. In 1878 silver was again re-issued, in anticipation of resumption. It ought to be here stated, for the end of making this history complete, that there were two periods during these years when gold and silver were not coined, for what were considered prudential reasons. From 1806 to 1835 no silver dollar was struck at the Mint, on account of the fact that it was found "that considerable purchases have been made of silver dollars coined at the Mint for the purpose of exporting them, and it is possible that further purchases and exportations will be made."\* Also, during the twelve years from 1821 to 1833, the coinage of gold was suspended, this being the period of the temporary demand by England for resumption purposes.

Now, in this necessarily brief account of the use and operation of precious metals in some of the leading nations, what have we learned? France and the United States have, for most of the time during the present century, been the avowed adherents of gold

\* Madison, State Papers, 1806.

and silver unitedly, while Germany, England, and several other less nations have either oscillated from one metal to the other with the changeful tide of popular feeling, or have been forced to maintain in use, by arbitrary regulations, a single metal. In the record of the bimetallic nations we find little or no disturbance in the commercial relations of the people during these years, nor do we find to have been *necessary* the arbitrary enactment or enforcement of any law relating to the coinage. Moreover, these nations have, in many ways, had the advantage, commercially, of the monometallic nations, and have enjoyed a greater uniformity of values in all their dealings. On the other hand, we have seen the monometallic nations disturbed over any slight accession to the quantity of the particular metal for the time being employed, and forced by an unaccountable falsity of reasoning, to reject the one and adopt the other, in conformity to a law which they could neither regulate nor restrain. As has been seen, every such change from a cheaper to a dearer money is always accompanied, necessarily, by discomfort and injustice to the debtor class. England has advanced, it is true, in wealth and position under her unwise monetary policy; but, Disraeli, one of her foremost statesmen, said, "she has become rich in spite of her gold, and not on account of it." Commenting upon the English policy, Gallatin says: "But not only has England, by that experiment, in the face of the universal experience of mankind, gratuitously subjected herself to actual inconvenience for the sake of adhering to an abstract principle, but in so doing she has departed more widely from known principles, and from those which regulate a sound metallic currency."

In our own history we have yet to see successfully pointed out any detriment to our interests, near or remote, during the time we have employed both metals as money. We affirm, moreover, that prices have never been more stable or satisfactory, the results of commerce more munificent, the country more prosperous, or the people more contented and well-to-do than during the same period. On the other hand, it is equally evident to the student of history that our most violent and disastrous monetary disturbances have occurred during the *régime* of paper money, or at such times as gold and silver—one or both—were not constant factors in our money medium.

From what has already been said, we may infer that the favorite scheme of some—an international coinage of gold—is at once rendered chimerical by the fact that in the leading nations, gold and silver are now so adjusted that any attempt to employ, exclusively either metal universally, would result in such a fall in prices, such a disturbance of values, and such a burden of debts pre-existing, that only disaster would result.\* The money of the future, the

\* For a very intelligent presentation of this argument, see "The Silver Question," West, p. 172.

There is little doubt, will be international, and will consist of gold and silver. This idea was first broached in 1867, at the Paris Conference. The time was not then ripe, however, for final action, and we have not seen the day since when the scheme was practicable. The time is coming, however, when gold and silver, the universal money, will demand their prerogative and will be recognized. There is nothing inconsistent with this idea. The closer union of the commercial nations, which year by year is being consummated, will find its full expression in an international coinage. This consummation may not be immediate, but it will be final.

We hear a great deal now-a-days about the "double standard." This term is a misnomer. There can be but one standard. There is a standard of measure, a standard of weight, and a standard of value. The universal standard of value is gold, at the present time, and, without doubt, will continue so to be regarded. When silver is employed in conjunction with gold, its value is determined by gold, the same as is everything else. Consequently it is foolish to attempt to legislate a relative value for the two metals. That value will change, regulated always by the law of supply and demand. But—and here is our consolation—it has been found that during a long series of years the relative value of the metals has changed but slightly, and as they come to be employed more generally and conjointly, the tendency will be toward a greater uniformity of value. Legislation will no longer be a disturbing element.

It is evident that, for practical use, a paper *circulating medium* (not money) is preferable to gold and silver, on account of weight and bulk. Hence, it has come to be the custom in some countries to issue paper certificates based upon the actual deposit of gold and silver in Government coffers. By this system we may enjoy a two-fold advantage: a convenient, intrinsically valueless medium, with the precious metals always within reach. This would seem to be the very acme of a stable and convenient currency. In operation it has been found to work well. It is employed in England, and it gives entire satisfaction in our own country. Not only do we save the inconvenience of carrying so much weight in gold and silver, but a vast amount of wealth is saved to the world which was once lost by abrasion. If this same system is perfected and extended, the actual gain will be immeasurable. Just here we wish to simply call attention to this system of certificates as based upon *bullion*, rather than upon *coin*, as admirably set forth in a little pamphlet by Mr. J. W. Sylvester, of New York.\* Mr. Sylvester's system is briefly this: He proposes that the Government issue gold and silver certificates, based upon bullion of a given weight

\* "Bullion Certificates," "The Safest and Best Money Possible," J. W. Sylvester, N. Y.



and fineness, and duly stamped to this effect by an appropriate Government device. His plan would advise the *coinage* of the metal only to a limited extent—enough, simply, to meet the actual demand for small payments. Then follows what we regard as the most favorable point of his system, namely, the interchangeability of the two metals as secured. It is proposed that, to counteract the effect of any slight fluctuations in the relative value of the two metals which, as Gallatin has said, are always so insignificant, that they “are a quantity which may be neglected, and is, in fact, never taken into consideration at the time of making the contract,” the Secretary of the Treasury be authorized “to ascertain as correctly as possible the relative value of fine gold and fine silver bars, at the cities of New York, San Francisco, London and Paris, on each business day of the year, and to post daily the average of the same in a conspicuous place in the Sub-Treasury building, . . . and the relative value so ascertained shall be deemed their relative value for the next succeeding business day. It is proposed that gold be taken as the standard in all computations, both in buying bullion and in paying it out.

By this process, anybody presenting a certificate for either metal at any sub-treasury on a given day, will receive in bullion or coin, according to the sum demanded, the precise amount, in value ascertained as above, of the metal designated in the certificate. And, as the relative value of the two metals is thus maintained by the daily average, they become interchangeable. The fact is, that the Sub-Treasury would be called upon to redeem certificates only in the adjustment of large payments where a slight variation in the price of either metal might affect the result materially. And, such payments being made, as a rule, in other forms than money, the demand from this source would be but slight. In actual practice these certificates would pass from hand to hand as they do to-day, and any slight difference in value from year to year would be unnoted and unimportant. This is the best adjustment of the metallic system to the demands of business that we have seen, and although, like every other good thing, it has been criticised and even condemned as theoretical, yet it remains to be proved that in actual operation it would not accomplish that for which it was intended—the maintenance of a uniform relative value between gold and silver. Let the experiment be tried and reserve criticism.

It is evident that by this system gold and silver would circulate at their actual face value, and the present pernicious law, by which 412½ grains of silver is made to pass for 460 grains would have to be done away with, which is “a consummation devoutly to be wished.”

## UNITED STATES NOTES.

A recent decision of the United States Supreme Court to the contrary notwithstanding, it is, and always has been regarded by our foremost statesmen and financiers that the law creating the "green-back" is unconstitutional. With all due respect for the august tribunal referred to, we still prefer to think that (to put it mildly) it has made a mistake. By running over the warm and protracted debate which preceded the passage of the law referred to, one will be surprised to notice the extreme doubt and hesitancy, on the part of those able and profound men who had the matter under consideration, with which they finally moved the passage of the act creating the first United States notes. In fact, very few, so far as is known, ever came to believe, secretly, that the act was not unconstitutional. The very air, as one reads, is impregnated with the belief that the only justification of the measure was an absolute, unavoidable necessity. And upon this ground, and this alone, the act reached its final passage. "A war measure" was the phrase employed most frequently in justification of a proceeding of such profound significance.

If, in the presence of such an overwhelming necessity, with a disloyal army at the door, money wanting and credit impaired, the issue of paper money by the Government was contested step by step by those upon whom rested the burdens of the hour, are we justified in pronouncing lightly upon the legality of the measure?

The Constitution, under Hamilton's interpretation, declares for gold and silver as the only money for Government issue. And no one has spoken with less equivocation upon this and kindred subjects than that profound student of our fundamental laws. Webster, also, than whom the American people have had no higher authority on intricate constitutional problems, considered "gold and silver" the only legally authorized money, under immediate government authority. And the weight of testimony from all quarters is in this same direction. Any appeal to history in support of paper or fiat money, as such, is always disadvantageous. No nation has ever yet tried it with perfect success. Laws restricting its issue and hedging it about with safeguards are good so far as they go, but there always comes a time when such laws are inoperative. A fancied necessity arises, and forthwith a nation is launched upon a limitless sea of uncertainty, the perils of which are daily augmented; and it is only possible by the greatest good fortune to escape inevitable disaster. No words, at this day, are necessary to picture the results of such a course. They are, alas! too familiar.

That there are dangers, then, attending the issue of paper currency by any government will not, in the light of experience and history be gainsayed. If, then, these perils are recognized, is it not the part of wisdom to at once take such steps as will tend to free

us, from those evils which are sure, sooner or later, to follow up such a course. One of the perils, as well as one of the blessings of our Government is its freedom. The power that controls to-day may be deposed to-morrow; and the wise and beneficent rule of one administration may be cut short in its attempts for good by the incoming of another, supporting an adverse policy. The only safe and therefore, only wise plan for the United States Government to pursue is to remove the danger. Let us discard the "Greenback" and let us have, so far as the Government is concerned, constitutional money. Let gold and silver be the representative, with gold as the standard. And then, with the free coinage of these metals so far as needed, and their unlimited tender in the bullion form, having, for the sake of convenience, representative certificates exchangeable at will at current market rates, we shall have a Government money and circulating medium that will challenge comparison with anything of the kind that has ever been devised.

#### NATIONAL BANK NOTES.

All that constitutes a National bank a National institution is, that it issues "notes" under government authority, and is subject, on this account, to Government supervision. In other respects it is no different from a State bank. Take away its function of issuing currency and the bank will still exist in all its completeness, but, probably, under State, rather than National, authority. The hue and cry, then, against the banks as such, as being a "monopoly" and "leeches" and other kindred epithets is impotent, as well as being unjust. The banks are an essential factor in our civilization, and as long as trade and commercial enterprise are elements of wealth and advancement, they will continue to exist and exercise their beneficent sway. The only consideration, then, that can have any force or meaning in this connection is in regard to the much abused prerogative of issuing notes. This we will consider briefly. That man must be stupid, indeed, who has never noted the want of resemblance between the ancient and ill-contrived State bank issues and the modern and useful National bank notes.

The first had but a limited and local circulation, and were subject to frequent and violent fluctuations in value, rendering payments uncertain and inconvenient, besides involving the risk of counterfeit and valueless notes, which were so common, that extreme caution only could one succeed in avoiding them. To other, from the incipency of the system, have been restricted to their use only by the limits of the country and are even known and respected in other countries. Not one dollar has ever been loaned to the holder of these notes from failure of the issuing bank to redeem, and so safe and satisfactory are they that no one cares to inquire when or where any given note was issued. They have

always been interchangeable with United States notes, and no one need have any concern whether those in his possession are of one description or the other.

In brief, so universally known and accredited are the National bank issues that even the opponents of the banks, as such, can find no fault with their bills and do not attempt to.

On what ground, then, is the opposition based? Simply on the assumption that the banks receive a double return on their capital invested in United States bonds, which is unfounded and untrue. On the contrary, it is the fact that the profits on bank circulation to-day are so small that institutions are surrendering this National franchise, and are organizing under State laws, without circulation. And it is coming to be a serious consideration what can be done to perpetuate an institution which has done so much for the Government in its manifold relations. Let us see what John Jay Knox, the Comptroller of the Currency, in 1882, had to say about the "fabulous" profits accruing to the banks from their circulation! "The profits from circulation upon the four and four-and-a-half-per-cent. bonds, where the rate of interest is six per cent., is not much in excess of *three-fifths of one per cent.*, and where the rates of interest are above eight per cent. the profits *are nominal*, and are not sufficient to induce the banks to purchase large amounts as security for circulation."\* Nothing more need be said in regard to profits on circulation.

Another of the weighty (?) objections to the National bank system which we find freely retailed in some quarters is, that it is a monopoly. Now, it goes without saying that, that can in no sense be considered a monopoly which is free to all, under the same laws and restrictions. The National Bank Act reads thus: "Associations for carrying on the business of banking under this Title may be formed by *any number of natural persons*, not less in any case than five."

If the profits of banking under the National system are so attractive in the abstract, why is it, that there has not been an alarming increase in the number of banks from year to year? The truth is that the number of such institutions is rather on the decline, and is destined to be more so under existing laws. What ought to be done is to the end of perpetuating the institution, rather than destroying it. It is not quite clear what can be made to take the place of the National bank circulation in case adverse legislation should compel its retirement. A substitute would undoubtedly be found, but it is more than probable that *its* substantial and universal qualities would not be found to exist to a like degree in another form. The circulating medium furnished by the National

\* See Report of Comptroller of Currency, for 1882, page xx, for a more elaborate presentation of the subject.

banks for the past twenty years is, beyond dispute, the best the world has seen, and cannot be retired without great risk of detriment to the public welfare. The existing tax of one per cent. on bank circulation ought to be removed, or at least, reduced one-half, and the present allowance of ninety per cent. of the *par value* of the bonds in which the capital stocks are invested, as circulation ought to be so modified as to allow as a basis for bank issues ninety per cent. of the *market value* of the bonds. Legislation similar to the foregoing, or at least equally as favorable, ought to be secured at once in the interests of good banking and a sound currency.

There is one criticism of the National bank circulation as it now exists, which is not without foundation in reason. It is, that the volume of bank notes is not elastic; it does not adjust itself to the immediate demands of trade. Given, say, \$400,000,000 of such notes outstanding; if the demand for money is sufficient to warrant a further profit to banks of issue, that sum may be increased indefinitely by the charter of new banks and the increase of the amount of circulation outstanding by the old ones, many of which are below the limit permitted. So far the system is all that could be desired. But, suppose there is a falling off in the demands of business at the time being; and suppose, also, that the amount of outstanding circulation is adjusted to the pre-existing demand; in the presence of such a falling off it is clearly seen there must result a plethora of the money-medium, which, for the time, operates similarly to the inflation of the currency. Now, in such a case as this, as has been said, there are no means by which the volume of the National bank issues can be temporarily retired. If bank notes are sent to Washington for redemption, which would be done in such a case, United States notes are issued in their stead. The National bank notes are retired, it is true, but United States notes take their place, so that the volume of circulating medium remains unchanged.

We think this quite serious defect in the National bank system is susceptible of remedy. The system should be so arranged that it will be against the interest of the banks to issue their notes when they are not wanted. To this end it would be better if the present tax on circulation be not entirely removed, but materially reduced. The expense of redemption and reissue, as at present, should be met by the banks in proportion to the amounts redeemed on account of each. After redemption all bills should be destroyed and the expense of re-printing charged to the banks to which the bills belong. When bills are sent for redemption the Treasurer should issue in lieu thereof, at the option of the sending bank, "lawful money," or *his draft on a Sub-Treasury*, payable through the Clearing-house. To this end all Sub-Treasurers should be members of the Clearing-house in their respective cities. T

express charges should, in all cases, be paid by those institutions whose bills are redeemed, and not by the sending banks. By this method, roughly outlined, there would result a double incentive. All banks holding an unnecessary amount of bills would find it for their interest to turn them into funds available in the commercial centers, where their interest-bearing accounts are kept. On the other hand, at such times as their bills were not in demand for general use, the banks would be careful about issuing them on account of the inevitable expense attending it, knowing that they would soon find their way to Washington for destruction. At the present time we find no such incentives. A bank sending foreign bills for redemption only receives in exchange another kind, which are not more available for general use, whereas, funds adapted for use through the Clearing-houses of the country could be employed in adjustment of exchanges, the same as other evidences of credit. By this method the only existing objection to the National bank circulation could be met. It is certainly the part of wisdom to favor such measures as will tend to perpetuate an institution which has stood for so many years as one of the superb monuments of modern financial legislation.

We have found, then, that the teachings of history and experience would seem to indicate that the best and safest money for a nation is gold and silver, with gold as the standard. We have seen also, that the variations in relative value of the two metals have been influenced as much, if not more, by unwise legislation as by unequal production. We think we have found that this slight variation in relative value, which through a series of years is little more than nominal, can be rendered nugatory by means of certificates based upon the precious metals, and redeemable at the current market rates for these metals. These certificates will serve the double purpose of a representative of value and a very desirable medium of exchange. We have seen the issue of United States notes to be a very dangerous prerogative of government, liable to abuse, to say nothing of its constitutionality, and have recommended its discontinuance. We have found the National bank circulation to be both popular and eminently suited for all purposes of internal trade, and have seen in it those elements of stability and universality which surely recommend it for future use. We have, moreover, been presumptuous enough to suggest certain changes in the present system, the result of some thought and practical experience under the existing order of things. Withal, it has been our endeavor to create the impression that the question of our future money is one of momentous import, and one that may well enlist the ripest wisdom of our most profound financiers.

WM. WOODWARD.

## BANK-NOTE ISSUES OF OTHER COUNTRIES.

Macleod, in his exhaustive work on the *Theory and Practice of Banking*, states that

"The circulating medium of any country is—

"(1) Coined money—gold, silver and copper.

"(2) Paper currency, viz., promissory notes and bills of exchange, with all their variety.

"(3) Small debts of all sorts, such as credits in bankers' books, called deposits, book debts of traders, and private debts between individuals."

Bank notes come clearly within the second classification, and merely promises on the part of the bank to pay on demand a sum of money. Unless otherwise provided for, this sum is payable in the coined money of the country where the note is issued. The metal money in which the note is redeemable on demand is that issued by the Government of the country or State, and authenticated as to weight and fineness by its mints.

In the earlier days of banking, promissory notes of joint-stock banks, private bankers and merchants, were all on the same footing as inland bills of exchange, that is to say, they were all transferable by indorsement. Under the present system of issuing bank notes, payable on demand to bearer, they pass in ordinary business transactions from hand to hand as a circulating medium in the same manner as coined money.

The commercial transactions of the world have grown to be so enormous, and the use of bank notes therein so universal, that most Governments, recognizing the necessity of making the security for fulfillment of these promises as substantial as possible, have enacted laws whereby they are issued under certain restrictions and regulations, in order that the public, many of whom are unable to discriminate between the different issues of the banks, may not suffer loss by receiving what is supposed to be an equivalent of money. Either securities are required to be deposited in trust, as under the National bank system, or the issues are regulated by the condition of the assets, the amount of capital paid in, and the amount of coin on hand. Very often the law provides that the circulating notes shall be a first lien upon all the assets of the bank, and sometimes a direct guarantee of payment of bank notes is given under conditions by the Government.

Since the passage of the National Currency Act in 1863, the entire bank-note circulation of the United States has been secured by a deposit of Government bonds with the Treasurer of the United States, and owing to the care with which this precaution has been exercised, the general public scarcely realize that these notes are simply promises redeemable on demand, and not money.

As at some time in the future the redemption and payment of the public debt of the United States will probably make it necessary to issue bank notes upon the basis of some other security, it will be useful to examine the various methods of issuing and securing bank notes under the laws of the principal commercial nations of the world, in order that the experience of other countries may be made available for the

welfare of our own. A system which is successful in one country or nation may not be adapted to other countries, but from the experience of all, valuable deductions may be drawn.

SCOTLAND AND IRELAND.

By the Act of Parliament of 1845, the privilege of issuing notes on the part of the existing banks in Scotland and Ireland on their own account was continued to the amount of their outstanding circulation. The privilege of additional issue is granted to these banks upon the basis of gold coin or bullion to the nominal or par value of the notes issued, and in this respect they have the advantage of the English provincial banks. By the terms of the Acts under which English, Scotch, and Irish banks were permitted to continue their issue of circulation, unsecured by a deposit of gold or bullion, the liabilities of the individual shareholders of said banks to the general public were unlimited, so far as the bank-note circulation was concerned. It seems to be the opinion of all authorities who have examined the subject, that Scotch and Irish banks have no securities especially held against their issues. From information communicated to the State Department by the Minister of the United States to Great Britain, it appears that the amount of bank notes outstanding in Scotland and Ireland on December 31, 1884, was—

Scotland.....	£6,399,310
Ireland.....	6,748,027

ENGLAND.

Bank-note circulation in England is regulated by the Act of Parliament of 1844, which provides for the issuance by the Bank of England of £14,000,000 of bank notes through an issue department, to which was to be transferred £14,000,000 in Government securities, and also that the banks of issue, consisting of joint-stock and private banks other than the Bank of England, in existence at the date of the Act, should not thereafter be permitted to issue notes except to the amount they then had in circulation, issued by them and outstanding. In other words, the actual circulation to which each of these banks was to be entitled under the Act, was to be arrived at by taking the average amount of circulation in each case for twelve weeks prior to April 27 of that year, and under this regulation the maximum issue by provincial banks—that is, banks in England outside of London, not including those of Scotland or Ireland—was then fixed at about eight and three-quarter million pounds. Under certain conditions these banks of issue which were in existence in May, 1844, might cede their privilege of circulation to the Bank of England for a fixed consideration of 1 per cent. per annum to August 1, 1856, and the privilege of issue of any of these banks was forfeited in case of failure to exercise it, of bankruptcy, or certain changes in the constitution of their partnerships. The Bank of England was authorized to issue its own notes for the full amount of the circulation of other banks compounded for, and by order of Crown in council, to two-thirds of the amount of lapsed circulation.

The total amount of issues lapsed or compounded for since 1844 by the country banks, is about two and three-quarter million pounds, leaving the present authorized circulation of such banks at about six million pounds, or \$30,000,000. It is estimated that the actual circulation of these English provincial banks—that is, of the banks other than the Bank of England, having privilege of issue—is but four per cent. of their entire liability to the public. By the issue of its own notes in



place of the lapsed and surrendered circulation mentioned, the circulation of the Bank of England, based on Government securities, has been increased from £14,000,000 to over £15,000,000. The circulation of the joint-stock and private banks of issue of England is based entirely upon their general credit; that is to say, it is not based upon securities of bullion specially deposited or held as in the case of the Bank of England, but upon the aggregate assets of the institutions. These banks make weekly returns of their outstanding circulation to the Government, from which it appears that not more than one-half of the notes they are authorized to issue are in actual circulation. The total amount of notes of the Bank of England, issued on the security of the Government debt, is at this time £15,750,000, or about \$78,750,000. The bank, in addition, is permitted to issue notes equal in amount to the bullion or coin which is transferred to and held in the vaults of the issuing department of said bank. Of the coin and bullion held, 25 per cent may consist of silver. It is to be noted, however, that very seldom is any circulation of the bank issued upon silver.

The Bank of England is compelled to receive from any person tendering it, bullion in exchange for notes at the rate of £3 17s. 9d. per ounce of gold 11-12 fine. Under these provisions the amount in bank notes issued varies from time to time by the receipt or withdrawal of gold. The only tax paid by the bank against its issue of circulation for the privilege of issuing £15,750,000 against securities of the Government, and for this privilege and the exemption from stamp duty the bank pays to the Government an annual sum of about £200,000.

Bank of England notes were, by the third section of the Act of Parliament of 1833, made legal tender between all parties, except where the bank itself is one, so long, and so long only, as the bank pays them in gold coin on demand.

The Act of 1844 declares that the notes of the Bank of England in circulation, including those held by the banking department, shall be deemed to be issued on the credit of such securities (coin and bullion) so appropriated and set apart to the said issue department.

Although the Act of 1844 only permits the issue of Bank of England notes under the present situation of country bank issues to the amount of £15,750,000, except on a deposit of coin or bullion, during the crisis of 1857 and in 1866 this statutory provision was suspended, and the bank was permitted further issue of notes in order to supply a circulating medium to avert financial trouble and distress, and it is believed by many that this course would be pursued again if occasion demanded it.

\* The following table, taken from page 553 of appendix to report from the select committee of Parliament on the banks of issue, will give some idea of the profits to the Bank of England from its issue department:

RECEIPTS.	
Interest on securities.....	£458,035
Profit on bullion.....	32,433
	£490,468
PAYMENTS.	
Composition, in lieu of stamps.....	£60,000
Her Majesty's exchequer.....	138,578
Country bankers' lapsed issues).....	18,860
Bank-note paper.....	18,022
Wages, pensions, rent, machinery, and general charges .....	147,300
Balance of profit.....	107,708
	£490,468

The average profits on bullion for the ten years, 1865 to 1864, were £14,900 per annum. BANK OF ENGLAND, July 27, 1875.

From information communicated to the State Department by the Minister of the United States to Great Britain, it appears that the amount of bank notes outstanding in England on December 31, 1884, was—

Notes of the Bank of England.....	£24,647,000
Other joint-stock banks.....	1,623,160
Private banks.....	1,507,216

#### CANADA.

The general banking act of Canada was passed in 1871, and has since been amended in many particulars. Its effect has been to bring under one uniform system of restrictions and privileges all of the chartered banks in the Dominion, with the exception of a few banks, which, prior to the passage of the general banking act, had been working under special charters. Some of these banks were permitted to retain certain special privileges, which they held under their old charters.

Under the general banking law of Canada none but chartered banks are permitted to issue notes. The bank notes of a bank outstanding at any one time must never exceed its unimpaired paid-up capital. Monthly returns of the condition of each bank are made to the Government, and if these reports show excessive issues, fines are imposed as follows: \$100 for an excess of \$20,000 or less; \$1,000 for an excess between twenty and one hundred thousand dollars; \$5,000 for an excess between one hundred and two hundred thousand dollars; and for an excessive issue of over \$200,000 a fine of \$10,000 is exacted. There is, therefore, some inducement to make small over issue in stringent times, as the comparatively light penalty might be offset by the profit, while excessive and rash overissues are restrained by penalties virtually prohibitory. No notes can be issued by the banks for less than \$5, nor for any denomination except \$5 or some multiple thereof.

In case of insolvency the notes are a first charge upon all the assets of the bank. There appears to be no special security whatever. The shareholders are, however, liable, first, for any amount not paid up on their subscribed stock, and, second, for a further amount equal to their subscribed stock. Suspension of payments in gold or Dominion notes for ninety days constitutes insolvency. The directors may, after payment of notes has been suspended six months, call on the stockholders without regard to the assets on hand.

No particular amount of cash reserve is required, this apparently being left to the judgment and discretion of the management; but of the cash reserve kept, one half, if practicable, and never less than 40 per cent. must be in Dominion notes.

The banks may have branches and offices, and notes may be issued and made payable at any of them, but each bank must receive its own notes at any of its different branches or offices, although they need not redeem them in gold or Dominion notes except at the place where the notes are payable. Banks are required to make not less than \$60 of any one payment in Dominion notes of denominations of one, two and four dollars, if so requested.

The Dominion notes mentioned are notes of the Government. The first idea in regard to them appears to have been to have them supplant the use of bank notes, as the first act in regard to Dominion notes was entitled, "An act to enable banks in any part of Canada to use notes of the Dominion, instead of issuing notes of their own." This act was passed in 1868, but was radically amended in 1870. The act of 1870 authorized the issue of these notes on the security of debentures of the Dominion and specie held for the redemption of the notes by the Re-

ceiver-General. The portion of specie held was to be not less than per cent. The first amount authorized was \$5,000,000, but this might be increased by order in council under certain conditions to \$9,000,000, security for redemption being the same. Debentures or stock was authorized to be issued and delivered to the Receiver-General, to enable him to keep the required security for the notes issued. To keep the necessary proportion of specie, this officer was authorized to dispose of debentures. If Dominion notes in excess of the amount authorized were at any time outstanding, the Receiver-General was required to hold specie to the full extent of this excess, in addition to the required security for the authorized issues.

The latest act (1880) permits an increase, when authorized by order in council, to a sum not exceeding \$20,000,000. This act fixes the security to be held at 25 per cent. in specie and Dominion securities guaranteed by the Government in England (not less than 15 per cent., however, to be in specie), and 75 per cent. in Dominion debentures authorized by Parliament. The whole amount outstanding on August 31, 1885, was \$17,469,380.83. Of this, over \$6,000,000 were in denominations of less than \$5, and over \$10,700,000 in denominations of \$500 and \$1,000. The notes are issued in fractional parts of a dollar and in denominations of \$1, \$2, \$4, \$5, \$10, \$20, \$50, \$100, \$500, and \$1,000.

The banks of Canada held on August 31, 1885, \$6,823,000 in specie and \$12,421,270 in Dominion notes, while at the same date the Receiver-General held \$3,989,767 in specie as against \$17,469,380 Dominion notes outstanding.

#### ENGLISH AUSTRALASIAN COLONIES.

Banking in Australasia is carried on under the Scotch system, and the only security for circulating notes issued consists of the general assets of the banks. The Australasian banks, however, hold in bullion and specie a larger reserve against their liabilities, including circulation, than is the case in Scotland or England.

In 1840, the council of New South Wales passed an act requiring from all banks of issue a quarterly statement. The other colonies, as they were established, adopted the same law. An article by Nathaniel Colver in the thirty-seventh volume of the *Journal of the London Statistical Society* for March, 1874, gives valuable information regarding banking in Australasia and statistics compiled from the quarterly statements from which it appears that the outstanding bank-note circulation in 1872-1873 of the banks of issue in the colonies of New South Wales, Queensland, New Zealand, South Australia, and Tasmania, was £3,410,000. The coin reserve held was over 25 per cent. on all liabilities.

A curious fact connected with the bank-note circulation of the colonies especially that of Victoria and New South Wales, is the large proportion of £1 notes issued, being 57.2 per cent. of the whole issue in the former and 50.99 per cent. in the latter. It appears that the profits on the circulation are not large, as taxes are imposed on the note issues. The circulation in all the colonies excepting South Australia and Western Australia. Edwin Brett, in his article on the history of banking in Australasia, read before the Bankers' Institute, London, October 18, 1885, states the rate of taxation in Queensland to be 3 per cent., and in the other colonies to be 2 per cent. per annum. He also calls attention to the fact that although Australasia is a land of gold, and two branches of the Royal mint are actively engaged in converting the precious metal into coin, bank notes still constitute the chief circulating medium in the colonies.

It appears from the June, 1885, number of *Australasian Insurance and Banking Record*, published at Melbourne, that banking in the Australasian colonies has been much extended since 1873, but that the increase in note circulation has been moderate compared with the general increase in the banking business.

A bill was introduced in the New Zealand Parliament, in 1885, providing that bank notes issued in that colony should be a first charge upon the assets, within the colony, of the issuing bank. From appearances, this bill is likely to become a law.

#### FRANCE.

Bank notes are issued only by the Bank of France, it having in 1848 absorbed all previously existing issues and become the sole issuing bank in France, with branches in the principal towns. The issue of notes of the Bank of France is controlled by the council or directory, who are compelled to report to the Government from time to time. The Government, however, does not appear to interfere with the bank issue, except to see that the legal powers conferred in its charter are not violated. At times, however, the Government has guaranteed or secured temporary or excessive issue. The notes of the Bank of France are therefore based upon the security of the general assets of the bank, which are at times reinforced by a loan on the part of the Government of its credit.

The Paris correspondent of the *London Economist*, of June 28, 1879, holds that there is no limitation of the circulation of the bank by its statutes. During the times that specie payments have been suspended, and when the Government has permitted the issue of unconvertible notes, or forced currency, a limit is always fixed to such issue.

From information communicated to the State Department by the Minister of the United States to France, it appears that notes of the Bank of France are legal tender, and are redeemable at sight, either in gold or silver five-franc coins, at the option of the bank (silver coins of smaller denominations being legal tender only to the extent of fifty francs).

On October 1, 1885, as shown by the returns of the Bank of France, the notes in circulation amounted to 2,786,051,930 francs, the bank holding at that time cash amounting to 2,265,636,853 francs, of which 1,162,987,434 francs was gold and 1,102,649,419 francs silver.

#### GERMANY.

On the 30th of January, 1875, the existing banking law was passed, and the Imperial or Reichsbank was established. By this act it appears that the Reichsbank, so far as its issue of notes is concerned, takes, to some extent, in Germany, the place that the Bank of England occupied upon the passage of Peel's act of 1844. Under the present banking act of the German Empire, seventeen of the banks in existence on the 30th of January, 1875, were permitted to continue their issue of notes to the aggregate amount of about \$27,000,000. In the apportionment of circulation between the Reichsbank, or Imperial Bank of Germany, and the other banks of issue, about \$62,000,000 was allotted to the Imperial Bank, and to this was added certain issues of fifteen other banks which had forfeited their right of issue by lapse of charter, voluntary renunciation of the right of issue, or by decision of the Government. Under the present act, banks other than the Reichsbank issuing notes in excess of the limit prescribed, except when protected by cash security, are compelled to pay an annual tax of five per cent. on such excess. The amount of notes free

of duty; that is, not incurring this five per cent. tax, is quoted every week in the German papers. The Imperial Bank appears to have the right of unlimited issue under the control of the Imperial Debt Commissioners, and under the present act has practically the control of the issuance of bank notes throughout the Empire. The singular provision in regard to the annual tax of five per cent. on circulation, issued in excess of securities deposited, is no doubt, intended to permit additional issues in times of financial distress. How far this expedient will meet the end for which it is evidently intended, has never, it is believed, been practically tested. The Imperial Bank is compelled to hold an amount equal to at least one-third of all its issues in German coin, imperial legal tender notes, gold bars, or foreign coin; the remaining two-thirds of its issues must be represented by discounted bills having not more than three months to run.

#### AUSTRIA.

The exclusive right of note issue of the Empire of Austria was conferred on the Austro-Hungarian Bank, with a charter extending from the 1st of July, 1878, to the 31st of December, 1887. This bank was the result of the growth of the forced currency of the Austrian Empire, Austria having contracted liabilities to the National bank, prior to 1878, in the amount of \$40,000,000.

The notes of the Austro-Hungarian Bank are redeemable in the currency of the realm, at its two head offices in Vienna and Budapest, and in all other places where notes are not so redeemed within twenty-four hours after demand. If the bank forfeits its charter. The bank is authorized to issue \$100,000,000 of notes without security being deposited in trust, but is compelled to maintain sufficient reserve to meet demands under the penalty above stated. The bank also has the privilege of issuing additional circulation upon the security of gold or silver bullion, and also appears to be permitted to issue notes against miscellaneous security. The exclusive privileges granted the bank seem to be compensated for by its relation to the Empire. It is compelled at all times to buy the mint pound of silver, coin, or bullion, with 45 florins in bank notes, and forward the bullion for coinage. It must also furnish notes of such denominations as are desired by the public in exchange for other denominations of its issue. It is compelled to accept the Government issues of currency in money, these issues forming a debt of the country similar to our legal tender notes. The bank, however, has the right to issue its own notes on the security of the Government currency, the same as on coin or bullion. The circulation of Austria consists of a trifle less than one-half of the notes of the Austro-Hungarian Bank and the balance in notes issued by the Government.

#### BELGIUM.

The issue of bank notes is confined to the National Bank, which has a charter for thirty years from January 1, 1873. While the Government reserves the right to extend the privilege of issue to other banks, while, theoretically, bank notes may be issued by any individual, firm, or company (except a corporation of limited liability), the notes of the National Bank are legal tender to the Government, which controls the issues and business, and on account of this feature the bank really has the monopoly of issuing bank notes. The security to the note-holders rests principally upon the Government supervision of the bank, the investment of a certain portion of its capital and reserve in Government funds, and its being compelled, under the Act, to hold coin

llion to one-third of its total liabilities to the public (deposits and notes outstanding).

This reserve may, however, under the authority of the Government, be reduced to 25 per cent. of its liabilities. There appears to be no limit to the issue of circulation.

#### NETHERLANDS.

The Nederlandsche National Bank enjoys the monopoly of issuing bank notes in the Netherlands. This bank was founded in 1814. Its present charter dates from 1864, for a period of twenty-five years. The bank issues two classes of notes, one class amounting to about 1,000,000, covered by the Government debt. This issue is called State notes. Bank notes of the National Bank proper are issued without any fixed maximum limit. The bank, however, is compelled to carry at least 10 per cent. of gold coin or bullion against the aggregate liabilities to the public for deposits on call and bank notes.

#### DENMARK.

The Bank of Copenhagen has the exclusive privilege of issuing bank notes in Denmark. They may be issued apparently without limit, and rest upon the security of the general assets of the bank. Against the total \$8,000,000 of notes issued the bank must hold good and easily convertible assets to the amount of 50 per cent. of their issue. For any excess over the \$8,000,000 the bank must hold a metallic reserve consisting of legal tender, coin, gold bullion, and foreign coin, and may hold silver bullion and silver foreign coin not exceeding one-third of the whole reserve. The metallic reserve is not permitted under the Act in any case to fall below three-eighths of the whole circulation. From information obtained through the Department of State, the bank notes outstanding in Denmark on December 31, 1884, amounted to 73,000,000 crowns, or about \$19,500,000.

#### NORWAY.

The Bank of Norway (Norgesbank), whose charter dates from 1816, has the exclusive privilege of note issue in Norway. This charter may be annulled by Act of the Storting, confirmed by the King. Modifications of charter have taken place from time to time. The bank has the privilege of issuing unsecured notes in proportion to its capital. It is permitted to issue two and a-half times its original capital, and also issues twice the amount of an increase of capital made in 1818, and one and a-half times its increased capital of 1842 and 1863. It also issues 10 per cent. of notes against its surplus fund, and a further amount of notes equal to its gold on hand. The proportion of secured to unsecured notes is about fifteen to ten. The notes of the Bank of Norway are redeemable in gold, and are a full legal tender. In consideration of the privilege of issue the Government participates in the profits, and the bank appears to be practically an institution of the State, and the shareholders have no voice in its management. The Government does not guarantee the issue, although it would no doubt protect it, on account of its relations to the bank. Theoretically, the notes are secured by the reserve of coin and bullion, the capital, reserve fund, and assets of the bank. From information obtained through the Department of State the bank notes outstanding on December 31, 1884, amounted to 38,983,500 crowns, or over \$10,000,000.

#### SWEDEN.

The Riksbank, or Bank of Sweden, was founded in 1656, and Mr. Seligman, in his *Journal of the Statistical Society*, March, 1873, page

117, claims for Sweden the invention of the bank note, the Riksbank being founded, as it will be seen, forty years prior to the Bank of England.

The Bank of Sweden has a circulation of about \$10,000,000, which is unsecured, except that the bank is compelled to keep a certain reserve as security to the note-holder. The matter of reserve appears to be well provided for, as its reserve of gold or silver coin or bullion must at no time be less than about \$4,100,000, and such gold and silver as is deposited abroad or such cash as it has at call with foreign banks and companies is also held against its circulation. This regulation has been at times suspended, in something of the same manner as the Act of 1844 has been in England. For more than six months in 1877 the reserve was below the minimum required by law, and in 1878 the issue of notes exceeded the prescribed limits. There are other banks of issue in Sweden, known as Enskilda banks, whose organization appears to be in the nature of a private partnership, the liabilities, however, being somewhat limited. They issue circulation under certain regulations and restrictions, being compelled before issuing notes, to deposit in a place of public safety 25 per cent. of their capital, which is unlimited liability (the partners and shareholders in these banks being divided into unlimited and limited liability shareholders). No more can be issued against the limited capital until 75 per cent. of the capital is deposited. In addition to the notes issued upon these deposits, bank notes may be issued on coin and notes in hand, gold or silver bullion, upon such balance as the Enskilda Bank may have with the Riksbank or Bank of Sweden, and also upon approved securities. This class of bank notes must not exceed 50 per cent. of the bank's capital. The regulations for issue of bank notes in Sweden appear to have been carefully considered. Upon a bank meeting with loss which impairs its capital 10 per cent. and reduces its reserve, the association is compelled to liquidate.

#### RUSSIA.

Bank notes are issued in Russia exclusively by the Imperial Bank, which was chartered in 1860 with a capital of about \$12,000,000. By its charter it has the exclusive issue of bank notes in Russia for twenty-eight years. The Imperial Bank seems to have no limit to its issue of circulation. The increase of its circulation, however, is usually made in response to the requirements of the Government whenever an exigency or a deficit in the annual revenue occurs. The bank appears to furnish a paper circulating medium to the Government in addition to the amount previously issued, which, finding its way into the channels of trade, produces inflation. In 1873 the bank had outstanding upwards of \$600,000,000 of bank notes, against which it held as specie reserves only about \$43,000,000. On November 1, 1879, it is estimated the circulation was upwards of \$900,000,000. This circulating medium was worth in gold about 60 per cent. of its face or nominal value.

#### SWITZERLAND.

Notes are issued in Switzerland by banks of two classes—cantonal and joint-stock banks. (See London *Banker's Magazine*, December, 1878.) The issues are unlimited. In 1879 the entire issue of thirty banks was about \$20,000,000. Notes are received between banks, and business interchanged under an agreement, the interchange being carried on in something like the manner that business of a clearing-house is conducted. In some States of Switzerland banking appears to be free from restriction in regard to the issue of bank-notes, which



subject to a tax of  $\frac{1}{2}$  per cent. per annum. Note-holders of the banks of Switzerland have no preference over other creditors. The present issue of bank-notes, as appears from information furnished to the Department of State, was over \$25,000,000 on December 31, 1884.

#### ITALY.

In order to eliminate from the circulating medium of the country the large amount of illegal and badly-secured issues of bank-notes which then existed, the law of April 30, 1874, was passed, after an elaborate examination into methods of other countries in dealing with the same subject. This act limited the emission of bank-notes to six associated banks, which were required to issue \$200,000,000 to the Government of Italy, the Government paying interest on the amount of notes so loaned, and the banks being liable for their payment ratably to their capital. This issue of notes was for the purpose of taking up certain Government loans, and each of the associated banks was permitted in addition, for its own use, to put out a certain amount of circulation which might be regulated by the Government to 40 per cent. of the capital of the bank. The associated circulation is practically the debt of the Government, as Government securities equal in amount thereto were issued to and held as security by the associated banks for the loan of this circulation to the Government. The notes issued by the banks in their individual capacity are redeemable in coin or in the association notes. Banks are compelled to report to the Government full particulars in regard to their issues.

#### SPAIN

Bank notes are issued in Spain only by the Bank of Spain, with the head office at Madrid, which has between twenty-five and thirty branches. The bank is permitted to issue notes to three times its capital, which are issued entirely on its credit. The bank is required to keep a reserve of 33 per cent. of its note issue in coin or bullion. The notes, theoretically are payable in gold on demand, but a considerable portion of its issue appears to be simply promises to "pay to bearer," the words "on demand" or "presentation" having been left out, and no statement is made as to whether or not the note is payable in gold or silver. The bank does not readily redeem its notes. They have been at a discount in Madrid, and their circulation is somewhat limited.

#### PORTUGAL.

Bank notes are issued in Portugal by the Bank of Portugal, and circulate principally in Lisbon and Oporto. There are other banks of issue also in those cities, as well as in several of the smaller towns, whose circulation is not so generally current in business transactions. The Bank of Portugal has peculiar privileges, and contends that other banks have no right to issue circulation. The charter of this bank expired in 1876, and it exists only under a provisional renewal. Its notes are payable in gold on demand, with the exception of a small portion which are payable in silver and copper. These last circulate in Lisbon only, where copper is legal tender to one-third of all payments. The English sovereign is legal tender in Portugal. Note-holders of the bank of Portugal are not better secured than the other creditors of the bank. The bank notes outstanding in Portugal on December 31, 1884, reported to the Department of State, was \$6,303,000.

#### JAPAN.

Bank notes are issued in Japan by banks organized under a National bank act similar in terms to that of the United States. The first regu-



lations of this act were issued in 1872, and were revised and amended in September, 1876. There were, on June 30, 1882, 148 National banks in operation in Japan, with 110 branches. These banks had at that date outstanding circulating notes to the amount of 34,358,868 yen.\* There is also one so-called specie bank at Yokohama. This bank has the privilege of issuing "silver notes" to the extent of a million and a half yen. It apparently had outstanding in 1882, notes to the amount of 294,520 yen. The notes issued by the National banks are secured by a deposit of Government bonds, and the banks are under the supervision of the Banking Bureau of the Imperial Finance Department of Japan. The operation of the National bank act appears to have been of service to the country, and the notes issued by the banks circulate freely throughout the Empire.

On the 27th of June, 1882, the Government of Japan established an institution to be known as the Bank of Japan, with a charter limited to 30 years, and a capital limit of 10,000,000 yen, business to be confined to non-hazardous transactions, and the bank required to transact such Government financial business as it shall be directed to perform. The issue of bank notes is prohibited for a time. The organization of this bank is similar to that of the Belgium State Bank. Its president is appointed directly by the Emperor, the Government subscribing for one half of its capital. It is evident that the intention is that this bank shall at some time in the future issue circulation under the direction of the Government.—*Comptroller Cannon's Report.*

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## RAILWAYS IN CHINA.

Railway construction in China is coming before the outside world in a practical form, for discussion at all events, and perhaps for definite solution. On more than one side we hear that the Chinese Government, yielding to the exhortations of Li Hung Chang, have decided to sanction not merely the introduction of the iron horse in principle, but the actual commencement of certain lines of communication. In the prospectus of the last Chinese loan special mention is made of these undertakings, and it is no secret that several of the most important mercantile firms in China, as well as other bodies who have less acquaintance with Chinese matters, are at the present time engaged in the task of preparing plans and estimates in connection with these enterprises. This heightened interest may have no other significance than it derives from the hopes of those who see in China the one wealthy country in the world which has refused the aid of Western engineers and capitalists; but it is not of immediate importance to discuss the speculative question whether the Chinese Government are now sincere in their verbal patronage of railways, or whether these protestations are made merely to gain the approval of those who contribute to Chinese loans. A more practical and interesting subject presents itself in the consideration of the proposed railways, and of one other line which, although not proposed, seems to have some recommendations in its favor.

The principal of the proposed lines are one from Tien-Tsin to Peking, and another from Tien-Tsin southward through the provinces of Shan-Toong and Kiang-Soo to Chin-Kiang-Foo, or possibly Nanking, on the great river Yang-tse-Kiang. A third proposition is to connect Nanking

\* The silver yen is valued at 86.9 cents.

rail with either Hang-Chow or Shanghai, and a fourth is to carry out similar project between Canton and Nanning, near the southern frontier. Of these proposals the first has been the most definitely described, and it may even be said the most favorably received, by the Chinese authorities themselves. This may be due to the great influence and personal ascendancy of Li Hung Chang in this part of China, but there can be no doubt that if the capital sets the example in encouraging railways and in allowing them to be laid down in its immediate neighborhood there will be an end to all opposition in the rest of the country. Now, the first two of these lines lay claim to the great recommendation in their favor that they would facilitate the dispatch of merchandise and provisions to the capital. They would simplify the feeding of the large population of the great city of Peking. In past ages, as at the present time, that operation was performed by water, originally altogether and still to some extent by the Imperial and Grand Canals, but more recently by coasting vessels from the various ports to Tien-Tsin. The chief reason of the willingness shown by the Chinese to close the Sino-French question, when the fortune of war showed some signs of veering in their favor on the Songkoi, was the threat of the French to stop the rice ships *en route* to Tien-Tsin. In that moment of extremity was thought that the rice might be brought as of yore to the capital by the canals, but a brief examination sufficed to show that these had been so neglected that it would take large sums of money and a considerable period of time to render them navigable.

The sea route being one now admittedly exposed to interruption in case of war with any naval power, the practical point to be decided is whether the canals shall be thoroughly renovated, or whether a new system of communication shall be provided through the instrumentality of a railway. Arguments can be brought forward for both suggestions, but the strongest of all arguments is in favor of the latter—viz., that a foreigner will lend his money for that object, but not for repairing and cleaning out the great canals constructed by Yangti and other Emperors of the past.

We need not discuss the prospects of such lines as these in any close detail at the present moment, when no surveys have been made. Only a few general observations can be made with safety. Tien-Tsin is but 80 miles from Peking, and as both of those towns are places of great commercial activity, as well as large population, there can be little doubt that a railway between them would prove a very remunerative undertaking, so long as the Government bestowed upon it countenance and protection. The second line would also pass through well-cultivated provinces, and several large towns, such as Tsang, Lin-Tsing, Ke-Nan, &c., and along a recognized trade route. It would have what may be considered the additional advantage of traversing a part of China which has not maintained its earlier high state of prosperity, and which may therefore be deemed susceptible of greater improvement than those districts which are admittedly well cultivated and the centers of a flourishing trade. On the other hand, it would be a much more serious and costly undertaking than a line from Tien-Tsin to Peking. Its mere length would not be less than 600 miles, and probably might be nearer 700 miles, and the Government might have some difficulty in securing for it the respect from the people, which is one of the essentials if the support and sympathy of Europeans are to be enlisted in the undertaking. Moreover, this line would always have, in case of peace, to reckon with the active competition of the sea route. The real stumbling block which has to be removed before any of these designs will be realized, is one of sentiment. The Chinese are loth to

begin any of these railways, because they conceive that they will fit foreigners more than themselves. What has to be done is to convince them of the contrary, and this can only be accomplished by saving a quarter for the first railway where foreign trade is small and Chinese traffic great. As the Chinese Government intend to treat lines as State railways, the very best undertaking to convince the sense of our unselfish desire for the introduction of railways into the empire would, perhaps, be the construction of a strategical line from Peking to Mookden, the capital of Manchouria. Its advantages would, doubt, be military and political, rather than commercial, but they are sufficiently obvious, and the Marquis Tseng would confer a major favor on his country if, on his return to China, he were to advocate such a project. It would certainly have the one great recommendation that it could not be attributed to the selfish purposes of Europeans.

## PERIODIC COMMERCIAL AND FINANCIAL FLUCTUATIONS CONSIDERED IN THEIR RELATION TO THE BUSINESS OF BANKING.

[CONTINUED FROM THE DECEMBER NUMBER.]

### III.

The regular and quickly recurring variations in commercial and financial affairs having now been touched upon, there remains another species of fluctuations, probably the most important of all, and the hardest to account for satisfactorily. These are the Commercial Crises proper which come periodically, at intervals of ten or eleven years, and are long remembered by the disaster and ruin they leave behind them. Although they are not counted among the regular commercial fluctuations, it is still one of the most remarkable circumstances attending them, that they have an undoubted periodicity, and that the divergence has been slight in the length of the intervals that have separated them. An inquiry into their nature and causes may be divided under the following heads:

- 1.—What is properly understood by a Commercial Crisis?
- 2.—How do Commercial Crises arise?
- 3.—Can any explanation be given of their periodical recurrence, or any reason for the particular period of ten or eleven years?

We may take these three questions in their order, and, as far as possible, deal with them separately.

1.—A Commercial Crisis is, in one word, a *collapse of credit*. In countries where commerce is highly organized, credit has superseded the system of merely cash transactions, and England is the country where this process has been carried furthest. In England, more than in any other country, the discrepancy is wide between the immense transactions of trade and the actual reserve of money, upon which the credit system rests. This highly-developed organization is not all gain; it brings with it dangers of its own. The day is always liable to come when sometimes it does come, when the credit system is put to the test, and an attempt is made to call in those debts payable on demand, which form by far the greatest proportion of the liability of our credit institutions. Whenever the attempt is seriously made, it is very speedily

be impossible of realization. In England, therefore, there is a peculiar liability to commercial and financial panics. These may arise in any different ways; many different kinds of accidents may form their immediate causes; they may affect now one class of industries most severely, and again another; but the pressure and the calamities they cause are always due to this feature of them, that they mean a collapse of credit. To bankers particularly, it matters little what are the distinctive circumstances in the origin of any such crisis. The one feature common to them all, which concerns bankers more than all the rest of the commercial community, is a great and universal demand for actual cash. As credit is simply "the disposition of one man to trust another," to confide in his promise to pay, so such a demand arises from a contrary disposition, from a spirit of suspicion and distrust laying hold on the minds of business men. At such a time many traders who used to be trusted implicitly, begin to be suspected, their solvency questioned, and many begin to fear that suspicion may be attaching itself to them. The result is twofold; those who are distrusted, if they are in a weak position, are unable to stand the sudden contraction of their credit, and fail; and all merchants take steps to strengthen themselves to meet their engagements, by increasing their command over actual cash, the best and only means. If this mood of distrust rises to panic, it necessarily entails calamity. Actual cash cannot be provided for all possible demands. The credit system cannot, if it breaks down, be replaced by a cash system in a day. At any moment a shock to credit of much violence may produce these evil consequences, because the condition of the system remains permanently with us in the vast disparity between the great system of credit transactions and the cash reserve that forms their basis.

Mr. Bagehot, in his "Lombard Street," points out very clearly how this condition of things has been aggravated, and this demand for cash rendered more effective, by the development of our banking system, and the spread of banking facilities into the remotest corners of the country; and this has brought about a change in the manner in which the money of the nation is disposed of. Where banking institutions are less known and less trusted, the treasure of the rich and the savings of the poor are not deposited, as they are here, in the keeping of bankers. Money is hoarded, and exists, as it were, in a thousand separate tanks and cisterns, instead of being drained off like ours, into great rivers and lakes. The capital of the nation is with us made usable as no capital ever was before. The modern system of banking has created a money market in London, such as has never existed elsewhere in the world. This high development, doubtless, gives continual support and stimulus to trade; but with this element of risk always present, that the deposit money that forms the chief part of the resources of bankers, is repayable to the depositors on demand.

It is here that the pinch of a great commercial and financial crisis comes; this is its acute stage, arrived at in the end by whatever particular accidents the crisis may have started, or by whatever special circumstances it may have been distinguished. If the panic goes on, it culminates in the putting in force of this always possible demand for the deposit money which is held by bankers. We know by experience that such a demand speedily exhausts the supply, and that frequently it has been only by the use of extraordinary and extra-legal means that the violence of the panic has been overcome.

2.—In the preceding paragraphs has been described what is generally understood by a commercial crisis, but such monetary pressure and difficulty, in reality, only form the culminating point in a great fluctua-

tion, of which the panic is nothing more than the most striking symptom or sign. Our next question—how such Crises originate?—to be best answered by considering what is the usual course of the great fluctuations.

The immediate starting point of a panic has often been a visible diminution of available capital, as exhibited in the decrease of the reserve of the Bank of England. It is not surprising that such a decrease, carried to any unusual extent, should give rise to alarm, for it is a symptom of danger, and an index of the general diminution of the available capital of the country. Fully to account for such a general drain upon the available resources of the community is in reality to explain the origin of commercial crises.

No doubt drains of this kind have often been occasioned by circumstances that might strictly be called accidental. A sudden necessity sometimes arisen, for example, after a bad harvest, to import large quantities of some of the first necessities of life. A striking instance of this occurred in the panic year 1847 and the years immediately preceding it. Wars and huge new speculations may be and have been causes of great pressure upon the ready capital of the nation. For any one of these events necessitates a transfer of capital, and if the scale of operations is large, bullion has to be employed to carry them through. So far as events of this kind are rightly termed accidental, they do not come within the scope of our inquiry. But apart from these accidents, great variations take place in the amount of capital available for the requirements of trade.

There is a reason, obvious on the very surface, for such fluctuations. Seasons vary widely in their character; they may be extremely favorable to agriculture, or extremely unfavorable to agriculture, and the difference to the wealth of the country extends to very many millions sterling. When we reflect that favorable and unfavorable years do not come singly, but in groups, it becomes manifest that the effects produced by such alternation upon the national prosperity must be immense. The surplus in years of plenty is so much added to our floating capital, and the deficiency in years of scarcity is so much deducted from it. Mr. Wilson in his "Capital, Currency, and Banking," published in 1840, gives some statistics which set this point in a very vivid light. Taking a standard average consumption of wheat, which he puts, arbitrarily for the purposes of the inquiry, at 16,000,000 quarters, he shows what must have been the cost to the nation of this prime necessity in each of the years named.

	Average price.			Whole cost of Wheat			Cost of Foreign Wheat consumed, at 15s. per quarter, less than British average.	
	s.	d.		£			£	
1817	94	0	....	75,200,000	....	4,032,748		
1822	43	3	....	33,600,000	....	Nil.		
1829	66	3	....	53,000,000	....	3,495,813		
1835	39	4	....	31,400,000	....	34,654		
1839	70	8	....	56,533,333	....	7,515,864		

In such figures alone there is sufficient explanation of very great fluctuations in the trade and prosperity of the country. It is a well-understood fact in political economy that a good harvest, and more especially a succession of good harvests, is the first condition of general commercial improvement, for the amount saved in the purchase of food goes into the common stock which is available for all other purposes.

It is, however, one of the most noticeable circumstances in the recurrence of crises, that they come as a rule not, as we might expect, after

series of bad years, when harvests have been poor and food dear, but after a succession of plentiful seasons. The visible scarcity of loanable capital, and the rapid rise in the rate of discount, which mark the development of a crisis, usually follow a continued abundance of capital and a long period of cheap money. The process has been often described. There come a few prosperous years, succeeding each other, during which the savings of the country accumulate. Our floating capital increases beyond the amount that the normal expansion of the industries require. Savings grow faster than the outlet for them in investments. The abundance of money makes it cheap, and easily obtainable for any project that offers reasonable chance of profit; and with the overplus of accumulation the demand becomes stronger for channels of investment. All circumstances, then, combine to set in motion a spirit of active enterprise in commerce and finance. There is cheap money; there is a necessity for investment; and there is the hopeful and sanguine spirit engendered by prosperous times, so that it has almost invariably happened that a severe crisis in commercial affairs has been preceded by a period of speculation. The investing mania has been directed to very various objects, determined by the circumstances of the time, some intrinsically worthless, others of the highest permanent value, but it has always very speedily turned a superabundance of available capital into a scarcity. The reason is this, that such investments mean the rapid conversion of *floating* into *fixed* capital; an operation that involves the withdrawal from the ordinary industries of the capital needful for their support and due expansion. The process has been described as follows by a distinguished financial writer, Mr. James Wilson.\*

"Suppose such an unusual expenditure to take place in the construction of a railway. Suppose £25,000,000 raised by the directors by 'calls.' The shareholders, from their various sources, transfer to the directors the command over so many commodities, and a new consumption to this extent is suddenly called into existence. The demand for labor is increased, wages rise in all branches connected with the operation in question, and a greatly increased consumption begins. The chief articles of which such increase in consumption takes place are those of food; but while this increase of consumption goes on, there is rather a tendency for production to diminish, in consequence of the higher wages, and in some places the withdrawal of labor from field industry to railways. The consequence is, that with such increased consumption and the higher price which ensues, large importations are promoted to make up the quantity required for such increased consumption; but for those importations there are no commodities called into existence to be exported in payment of them. On the contrary, at such a moment, in place of an increase of exports corresponding with the food imported, the tendency which all commodities have to rise in price in the home market, has rather the effect of checking and lessening the amount of our exports, when they require most to be increased."

Here, then, we have what may be termed the natural history of a commercial crisis, in the three distinct stages of *accumulation*, *excitement*, and *reaction*. All these are to be observed in the circumstances attending most of the crises through which our commerce has passed. The remarkable panic of 1825 was preceded by three years of plentiful harvests and cheap food in 1820, 1821 and 1822; and the accumulations of those years gave the means, while the general prosperity gave the stimulus, to a great investing mania. Foreign loans and foreign mining

\* "Capital, Currency, and Banking," 1840.

schemes became the principal objects of speculation, but to these were added many great projects at home of the most diverse kinds. Money actually paid in taking up these foreign loans and starting various companies then projected, is stated by Mr. Wilson on the authority of a parliamentary return, at £ 34,000,000. The investing capital moreover, extended to all kinds of produce, of which large stocks were accumulated by merchants, in the belief that the higher range of prices they had reached would be permanently maintained. Such a movement of rapid absorption of capital had its usual and inevitable effect, and which Mr. Bagehot lays it down as a law that, when the time of reaction comes, money will grow scarce and dear more quickly, and to a greater degree than previously it became plentiful and cheap. Similar processes are to be traced in the crises that have followed that of 1847, the mischievous element in all being an expenditure of our floating capital beyond what the means of the country could fairly afford.

## REPUDIATION OF FRAUD OF AN AGENT.

SUPREME COURT OF PENNSYLVANIA.

*Hughes v. First National Bank of Waynesburg.*

A bank cannot repudiate the fraud of its agent and at the same time retain the fruits of the crime.

Where bonds are left with a bank as a special deposit, and afterward hypothecated by the cashier for a debt of the bank, and sold, and the proceeds applied toward the payment of the bank's indebtedness, without the knowledge or consent of the depositor, such hypothecation and sale constitute a fraud on the depositor, and the Statute of Limitations does not begin to run against his claim until the discovery by him of the fraud.

Action of *assumpsit* brought by the plaintiff to recover the sum of \$2,400, with interest from the first day of January, 1876. The writ was issued on February 18, 1882, and the defendant pleaded *non assumpsit* and *non assumpsit infra sex annos*, payment with leave, etc. In January, 1882, plaintiff replies to plea of *non assumpsit infra sex annos* by special replication that the defendant bank, in violation of the trust and confidence reposed in it, had converted and did convert certain bonds to the amount of \$2,400 to its own use, and fraudulently and deceitfully collected and refused to give information thereof, and kept the defendant entirely ignorant thereof until about the 1st of January, 1877, less than six years before the commencement of this suit, when the said plaintiff accidentally discovered such concealment and fraud, etc.

It was proven that the semi-annual interest on these bonds was paid by J. C. Flenniken, the cashier of the bank, up to January 1, 1876.

It is part of the history of this case that on the 2d of October, 1875, a certificate was also given to Luse & Bailey, guardians of other children of John Bell, deceased, for \$9,000. There was an attempt made to hold these guardians responsible on the settlement of their accounts in the orphans' court of Greene county, but on account of John Bell having put confidence in the bank and its officers, and the conduct of the guardians being without fault, the Court refused to charge the account with the proceeds of these bonds; and this ruling was sustained.

by this Court on an appeal from that decree. Since that decision, Luse & Bailey having found out in a trial had against J. C. Flenniken, cashier, or embezzlement, that he had not only allowed these bonds to be pledged to Ira B. McVay & Co., for money borrowed for the bank, but Ira B. McVay & Co. had sold them and the bank got the benefit of the proceeds of them some years before. The testimony showed that Mr. Hughes had confidence in the bank and its officers, and when he called for the bonds, was told they were in Pittsburgh for safekeeping, and he continued to receive the interest on them semi-annually until January 1, 1876. In April, 1876, John C. Flenniken was put into bankruptcy by his creditors, and when asked again for these bonds, said he (*individually*) had pledged the bonds to Ira B. McVay and they had been sold. Upon hearing this, these guardians had him indicted for embezzlement, and upon the trial in that case first learned that the First National Bank had received the benefit of the whole of the proceeds of the \$11,400 of bonds. Upon this Luse & Bailey sued the bank and recovered a judgment for \$12,000, to which a writ of error was taken and affirmed in this court.

PAXSON, J. The single question presented by this record is whether the learned judge or the court below was correct in holding that the plaintiff's claim was barred by the Statute of Limitations. The action was *assumpsit*, and to the defendant's plea of *non assumpsit infra sex annos* the plaintiff replied specially that the defendant bank, in violation of the trust and confidence reposed in it, had converted and did convert certain bonds to the amount of \$2,400 to its own use, and fraudulently and deceitfully neglected and refused to give information thereof, and kept the plaintiff entirely ignorant thereof until about the 1st of January, 1877, less than six years before the commencement of this suit, when the said plaintiff accidentally discovered said concealment of fraud.

It may be that in the origin of this transaction the bank was not responsible for the bonds. They appear to have been received for safekeeping by B. F. Henniker, who was the cashier, as an individual transaction and for the accommodation of the plaintiff.

There is no trace of any authority from the board of directors to receive such deposits. But when Mr. Henniker, as cashier, pledged the bonds for the debt of the bank to Ira B. McVay & Company the matter became a transaction of the bank; the fraud of Mr. Henniker became the fraud of the bank, and his concealment of the pledge became the bank's concealment. The bonds were subsequently sold by McVay & Company, and the proceeds went to pay the defendant bank's debts. The bank cannot retain the fruits of the crime and repudiate the fraud of its agent. No authority is needed for so plain a proposition.

The certificate of deposit bears date October 2, 1871. The suit below was commenced February 18, 1882. It was not until the month of April, 1876, that the plaintiff was informed that the bonds had been pledged and sold and the proceeds credited to the bank. It is true that the plaintiff called at the bank in 1874, and at several other times subsequently, to get his bonds and take them away. But he was always put off with excuses; he was informed that the bonds had been sent to Pittsburgh for safekeeping. In the meantime the bank continued to pay him the interest, even after the bonds had been sold. And this was fraud and concealment well calculated to throw the plaintiff off his guard. Repeated promises were made to him by the cashier to get the bonds from Pittsburgh and return them. But they never came. Performance of the promise was evaded and fresh promises substituted.

It may be that there were circumstances of suspicion calculated to alarm a prudent man. If we concede this to be so, it does not help the



defendant bank. It cannot take advantage of its own wrong. Hold the plaintiff's property, and having fraudulently converted it to its use and concealed the fact from him, we will not be astute to hold the plaintiff to knowledge which he did not possess.

The concealment of the fraud prevented the running of the statute. *Morgan v. Tener*, 83 Penn. 305; *Wickersham v. Lee*, id. 416.

From April, 1876, to the commencement of this suit was less than five years. The jury should have been instructed that if the fraud was concealed from the plaintiff until April, 1876, the plaintiff's claim was barred by the statute.

The judgment is reversed and a *venire facias de novo* awarded.

*Eastern Reporter*

## GIFT OF SAVINGS BANK DEPOSIT.

SUPREME COURT OF MASS.

*Scott v. Ford.*

To constitute a deposit in a Savings bank in the name of another a gift, the deposit must be made with the intention of making a gift, which must be accepted by the intended donee.

F., having been notified by the treasurer of the bank where she was a depositor that a certain amount standing to her credit was not entitled to draw interest because in excess of \$1,000, made deposits in the name of each of the plaintiffs without their knowledge, and retained the deposit books. In actions brought by each of plaintiffs against the bank to recover moneys deposited in their names the defendant offered to show that the deposits were made to avoid the provision of the statute relating to interest on sums exceeding \$1,000; declarations of F. to the effect that she intended that the title to the money should pass to plaintiff; also statements made to the Justice of the Peace who drew her will, that it was not her intention to give the money to the alleged donee; this evidence was objected to and excluded.

W. Allen, J. Mrs. Ford, the claimant's intestate, deposited her money in a Savings bank in the name of the plaintiffs, and the claimant is entitled to it unless his intestate made a gift to each of the plaintiffs of the money deposited in her name. *Broderick v. Waltham Savings Bank*, 109 Mass. 149; *McCluskey v. Provident Institution for Savings*, 109 Mass. 300. To constitute a gift to the plaintiff the deposit must have been put in her name with the intention of making a gift of it to her, and must have been accepted by her. The difference between this case and *Sweeney v. Boston Five-cent Savings Bank*, 116 Mass. 384, is, that in that case the donee was present when the deposit was made, and the donor delivered the deposit-book to her. In the case at bar the deposit was made without the knowledge of the donee, and the deposit-book was retained by the donor. Upon the question of the intention of Mrs. Ford in making the deposits, the letter of the bank to her, and the declarations relating to it, are competent. The length of time between the declarations and the deposits affects the weight, but not the competence of the evidence. Upon the question of Mrs. Ford's intention of holding the book before the gift was perfected—whether she held it as owner or as agent, or depository for the plaintiff—her declarations and acts while holding it, showing the character of the act, are competent. The taking of the order from the plaintiff for payment to herself was an act, the significance of which depended upon her interest in it. Whether she was exercising dominion over the deposit as owner, or recognizing the

minion of the plaintiff, and her declarations and letters respecting it, are competent. The letter to the plaintiff, Elizabeth A., was sufficiently identified as coming from Mrs. Ford by containing the order and being acted on as hers by the plaintiff, and sufficiently appeared to relate to the order and should have been admitted. Each plaintiff relied upon a particular occurrence as proving the completion of the gift to her. The declarations offered of the donor in making her will were after the gift was completed, if it ever was, and were either incompetent and immaterial, and were properly excluded. *Whitney v. Wheeler*, 116 Mass. 490; *Whitwell v. Winslow*, 132 id. 307.

If the donor made the deposit and kept the book for the plaintiff, intending it as a gift to her, the gift would not be perfected until accepted by the donee, and acceptance implies a mutual act of the parties or an act of one assented to by the other, equivalent to an acceptance of a chattel upon delivery. *Gerrish v. New Bedford Savings Bank*, 128 Mass. 159; S. C., 35 Am. Rep. 365. An acceptance and a completed gift might be inferred from the fact that the donor informed the donee of the gift with the express or implied consent of the donee. Any act or speech between the parties which should show a mutual understanding that the gift was made would be sufficient evidence. The instructions to the jury were substantially correct, though not verbally accurate; but there was error in the exclusion of evidence.

Exceptions sustained.

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## USURY.

### SUPREME COURT OF PENNSYLVANIA.

#### *Guthrie v. Reid.*

Where a National bank receives more than the legal rate of interest in the discount of a note, the interest-bearing power of the note is destroyed. When once so destroyed it remains so.

The question of the amount of the attorney's fee should not be submitted to the jury; that is a question for the court in the exercise of its equity powers.

An issue to ascertain the amount due on a judgment should clearly state the question.

Paxson, J. The court below was entirely right in opening the judgment held by the bank against John C. Reid. The satisfaction of the judgment, after notice that the amount was disputed, was improper, and if not corrected in some form was calculated to work injustice to Reid, for the reason that when he should attempt to call the bank to account for the proper application of his collateral, the bank could say to him, the judgment which we satisfied is conclusive upon you as to the amount due thereon. Nor do we see any breach, on the part of Reid, of the contract with the bank by which the proceeds of the Bagley note were to be applied to the claims of the bank held against him. This judgment was not specified in said contract; it was doubtless included, but this did not justify the bank in applying more money on the judgment than was due thereon, especially in the face of a notice not to do so.

It is settled law that where a National bank takes, receives, or charges more than the legal rate of interest in the discount of a note, the interest-bearing power of the note is destroyed. And when once so destroyed it remains so. The taint of the usury clings to it until paid. It is a dead

note thereafter so far as interest is concerned : *Lucas v. The Bank of P. F. Smith*; *Bank v. Karmany*, 2 Out. 65. The rule thus indicates a sound one. The object of the Act of Congress is to punish National banks for such violation of the law. The obvious way to avoid the punishment is not to commit the offence.

It was urged, however, that Reid, the maker of the note, cannot avail himself of this defence, because the illegal interest was paid by Guthrie for whom the note appears to have been discounted. The answer to this is, that the bank, by its act, has destroyed the interest-bearing power of the note, and can recover no interest upon it from anybody. If there had been a suit by Reid to recover back interest paid by Guthrie, the question would have had a different question, and *Bly v. The National Bank of P. F. Smith*, 453, and other authorities cited by plaintiff in error, might have had some application.

What has been said, we think, sufficiently covers the first nine assignments of error. It was error, however, to submit to the jury the question of the amount of the attorney's fee. It was settled in *Daily v. Mail*, 7 Norris, 384, that this is a question for the court in the exercise of its equity powers, and is not a proper one for submission to a jury. We do not see, however, that any harm has been done by the submission in this particular instance, as the amount fixed by the jury is not unreasonable. We will not, therefore, reverse for this reason. But we point out the error that it may not be made a precedent.

Some minor errors have crept into the case which must be corrected. They are due in part to the fact that the order for the issue was very broad. The issue itself was exceedingly informal and vague. The order provided that the note on which judgment was entered should stand as a *narr.*, and that "an issue is awarded to ascertain the amount due on plaintiff on this judgment, January 7, 1881, and the amount of overpayment (if any) applied to the satisfaction of the same." The latter clause of the issue should have been omitted. The only proper issue was the amount due upon the judgment. That settled, the amount of overpayment became a mere matter of arithmetic, about which there could be no dispute, and which could not be properly determined in this proceeding.

The verdict of the jury followed the vice of the order. It was as follows:

"August 21, 1883. We find there was due the plaintiff on this judgment, January 7, 1881, at the date he applied a part of the proceeds to the collateral:

Ralph Bagley's note as follows:

On the debt.....	\$ 3,000
Attorney's commissions.....	63
Total amount.....	\$ 3,063

"We find the excess of application applied by plaintiff to the payment of this judgment on January 7, 1881, to be \$560.15."

The latter part of the finding we may reject as surplusage. The proper finding, viz., the amount due on the judgment, is complete without it, and we can thus preserve all that is pertinent and valuable in the verdict.

The finding of "the excess of application" led to another blunder. Upon it the prothonotary has entered a judgment in favor of John Reid in the sum of \$560.15. There is nothing whatever upon the record to base such a judgment upon; it was a matter of some surprise that it was not corrected below. It doubtless would have been, had it

called to the attention of the learned court. As it is a mere excrescence on the record, we can correct it here.

The entry of judgment in favor of John C. Reid for \$560.15 is stricken from the record. Subject to this modification, the proceedings below are affirmed.

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## NEGOTIABLE INSTRUMENT.

### SUPREME COURT OF MASS.

#### *Arpin v. Owens.*

The payee of an accepted bill holds the same relation to the acceptor, that an indorsee of a note holds to the maker.

In an action against the acceptor by the payee of a bill who takes it before acceptance, want of consideration between the drawer and acceptor is not a defence.

W. Allen, J. This was an action by the payee of a foreign bill of exchange against the acceptor. The bill was dated February 23, payable in thirty days after date, and was accepted March 1. There was evidence that the plaintiff took the bill from the drawer, on the day of date for value, in the regular course of business. The court ruled that the burden was on the plaintiff to prove that the defendant had received a consideration for the draft, and that, if the jury should find that he received no consideration, they should find for the defendant. There was evidence of want of consideration between the drawer and the defendant, and evidence bearing upon other grounds of defence which is not material, as the ruling presented but one question for the jury. The question presented is whether, in an action by the payee of a bill, who took it before acceptance against the acceptor, want of consideration between the drawer and acceptor is a defence, in other words the rule to be applied as to want of consideration as a defence, is that which obtains between the maker and payee of a note or that between the maker and indorsee. The payee of an accepted bill holds the same relation to an acceptor that an indorsee of a note holds to the maker. There is a very close resemblance between an accepted bill and an indorsed note. The indorsed note is evidence of a debt originally due from the maker to the payee, and assigned and made due to the indorsee. The bill is evidence of a debt originally due from the drawee to the drawer, assigned and made due to the payee; and the rule that the title of the assignee cannot be impeached by showing want of consideration for the original debt, is applicable equally to the indorser of a note and to the payee and to the indorser of an accepted bill. The reason, applicable alike to payee and indorser, is tersely stated by Vaughan, J., in *Love v. Chifney*, 1 Bing. N. C. 267. "How was he to know what had passed between the drawer and acceptor?" See *Davis v. Randall*, 115 Mass. 447. It is held in this State that upon the question whether a promise to accept, made by the drawee to the drawer, is an acceptance as to other parties, the knowledge of the promise and presumed reliance upon it in becoming parties is material. *Exchange Bank of St. Louis v. Rice*, 98 Mass. 288. But where, as in the case at bar, there is an acceptance upon the bill, it makes no difference in the rights of payees or indorsees whether they become such before or after the acceptance. *Grant v. Hunt*, 1 C. B. 44; *Wynne v. Raikes*, 5 East, 514; *Powell v. Monier*, 1 Atk. 611.

The instrument is negotiable before acceptance, and the acceptance an acknowledgment of the debt it represents, and an absolute promise to pay it to the person who is or shall become the holder of the bill, and to allow a want of consideration for the acceptance to defeat the right of a *bona fide* holder, whether he becomes such before or after the acceptance, would be contrary to the nature and purpose of bills of exchange, and to the uniform usage in regard to them.

Exceptions sustained.

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## LEGAL MISCELLANY.

**LEGAL DECISIONS.—BUSINESS CO-PARTNERSHIP BETWEEN HUSBAND AND WIFE.**—A decision recently rendered by Judge Brown, of the Supreme Court of the State of New York, merits especial attention. The decision referred to affirms that a husband and wife are legally competent to enter into a business co-partnership under the laws of the State with the same immunities and liabilities as attach to the separate members of other partnerships. The particular suit in question was brought against John P. Kinney and Frederica M. Kinney, his wife, on a promissory note uttered by them under the firm name of J. P. Kinney & Co. The complaint affirmed the fact that the defendants were husband and wife, and constituted the firm of J. P. Kinney & Co. at the time the note was given, and that the materials for which the note was the consideration were supplied for, and benefited the estate of, the wife.

Premising that a partnership existed between the parties, the Judge said that the Court of Appeals had decided two questions applicable to the case under consideration: First, a married woman may control a business co-partnership with her husband and carry on business as one of a firm; second, she may contract with her husband in reference to her separate estate upon this basis. The Judge proceeded: "I am unable to see the distinction between the contract which a married woman enters into with her husband, under which he manages her separate estate or business as her agent, and a contract of partnership, which is nothing more than a mutual agency by each in reference to the common business of both." Under the common law married women had not the power to bargain, sell, assign and transfer their property or to carry on any trade or business, but only to labor on their sole and separate accounts, the wages earned belonging to her husband. The Judge expressed the opinion that by the second section of the Act of 1860 the Legislature intended to confer the power on married women to do the three things. In his conclusion Judge Brown finds that the New York State courts have settled the question that a wife may not only contract a co-partnership with a person other than her husband, and carry on business as a member of such firm, but that with regard to her separate estate she may contract with her husband the same as if she were a *feme sole*; and it consequently follows that husband and wife have the capacity to form a co-partnership to carry on a trade or business, and that such contracts, made by such firm, are enforceable against the separate estate of the wife. The precise point at issue in this case was whether the promissory note given by the firm composed of Kinney and his wife could be enforced against the separate estate of the latter. The decision of Judge Brown was in the affirmative. The question has never been before the Court of Appeals, nor been acted upon by the General Term of the Supreme Court. A decision having been rendered formerly

another upon this identical question at Special Term, and diametrically opposed to that of Judge Brown, the law on the point will remain in a condition of uncertainty until the Court of Appeals shall have had occasion to settle it finally.

## ECONOMIC NOTES.

### SEIGNIORAGE ON SILVER COINAGE.

Arising from seigniorage on silver coinage, there were in the coinage mints at the close of the fiscal year moneys amounting to \$1,177,444.70, known as the Silver Profit Fund, which had not been deposited in the Treasury.

The seigniorage on the coinage of silver dollars during the fiscal year was \$4,355,278.84, and on subsidiary silver coined at Philadelphia, \$10,-197.61—a total for the year of \$4,365,476.45. Of this amount, the sum of \$67,554.71 was paid for expenses incurred in the distribution of the coin (\$63,064.25 being paid the express companies, and \$4,354.56 for bags, bagging, &c., and \$135.90 for telegraphing).

The sum of \$20,879.38 from the same fund was used to reimburse the loss arising from the silver wastage of the operative departments, and the loss on the sale of silver in sweeps during the year, corresponding to the deficiency between their assay value and the amount realized from their sale.

The sum of \$5,329,120.99 was covered into the Treasury of the United States, leaving a balance at the coinage mints on June 30, 1885, of \$725,-366.07.

The distribution of this balance at the close of the fiscal year among the coinage mints was as follows :

Philadelphia.....	\$ 230,823 17
San Francisco.....	25,587 22
Carson City.....	31,045 56
New Orleans. ....	437,910 12
Total .....	\$ 725,366 07

The above statement, as approved by this Bureau, was verified by actual count by representatives from the Department. Of the above balance, the portion at Philadelphia and at New Orleans has since been covered into the Treasury. The amount at Carson and San Francisco has been retained in order to meet the expense of distributing the stock of silver dollars now stored at those mints.

As shown by preceding reports of the Director of the Mint, as well as by the accounts of the coinage mints on file in the Office of the Register of the Treasury, the seigniorage on silver on hand at the coinage mints on 1st July, 1878—the beginning of the fiscal year following the passage of the "Act authorizing the coinage of the standard silver dollar," amounted to \$424,725.47. The seigniorage since that date up to June 30, 1885, on the coinage of silver has amounted to \$25,338,389.97. Adding the sum of \$9,237.54, refunded by Adams Express Company for over-charges, and \$4,560.30, surplus bullion and adjustment of silver values carried to the credit of the "Silver Profit Fund," makes a total of silver profits to be accounted for of \$25,776,913.28.

Of this amount, \$483,778.23 has been paid, as provided by law, for expenses connected with the distribution of these coins exclusively. \$170,950.15 used to reimburse wastages and losses on the sale of silver coins incurred in connection with the coinage of the silver dollar. The profits for the seven years, including the balance in the mints of July, 1878, thus aggregate \$25,122,184.90.

Of this amount, \$24,396,818.83 was covered into the Treasury of the United States prior to the close of the last fiscal year, and the balance, \$725,366.07, was in the coinage mints at the latter date. Of this amount, \$668,733.29, being the balance as stated above, at the mints at Philadelphia and at New Orleans, has since been deposited in the Treasury.—*Mint Report*, 1885.

#### COST OF COINAGE AT THE MINTS.

In the Appendix will be found tables showing the coinage executed at each of the mints during the fiscal years 1884 and 1885, with the total cost for labor and materials, giving the average cost per piece arriving at the cost per piece of the coinage of the Mint at Philadelphia, there have been deducted from the number of pieces coined 571,962 bronze cents struck in 1884 at an estimated cost of \$20,000, 17,571,670 struck in 1885 at a cost of some \$15,000 (which is about the estimate of the Superintendent of the Mint at Philadelphia), for the reason that the planchets for this coinage are purchased. The cost of coinage, therefore, is principally the cost of striking.

From these tables it appears that the cost of coining each piece of the denomination of one cent at the Mint at Philadelphia was, for the year 1884, 1.30 cent, and for 1885, 1.89 cent. At the Mint at San Francisco the cost for 1884 was 4.37 cents, and for 1885, 5.80 cents; at the Mint at New Orleans, for 1884, 1.55 cent, and for 1885, 1.49 cent; and at the Mint at Carson, for 1884, 7.28 cents, and for 1885, 9.13 cents.

It is proper to state, however, that the coinage executed at the Mint at Philadelphia included over 15,000,000 five and three-cent pieces in 1884, and over 7,000,000 in 1885, the cost of coining which was considerably less than that of executing gold and silver pieces.—*Report*.

#### POSTAL SAVINGS BANKS FOR THE UNITED STATES.

In 1871 Postmaster-General Cresswell recommended the establishment of postal savings depositories in connection with the United States post offices, and two years later he discussed the subject very fully in his annual report. Several of his successors have renewed his recommendation with great earnestness. Hon. Thomas L. James, after referring to the subject, and highly approving of these recommendations, said: "It is my conviction that a system of this description, if adopted, would be more than almost any other measure of public importance, to the benefit of the working people of the United States." In 1873 Hon. H. Maynard brought before Congress a bill to establish a National savings depository, but no action was taken. Since then a number of bills have been made to induce Congress to enact the necessary legislation. The latest of these efforts was made in 1882, under the leadership of Mr. Lacey, whose report from the Committee on Post Offices and Railroads contains valuable information and suggestions on the subject. The bill which Mr. Lacy introduced, and which has recently been strongly indorsed by the State Charities Aid Association of New York and other advocates of postal savings banks, provided that no money-order offices should receive deposits; that no single deposit should be less than ten cents or more than one hundred dollars.



no one person should deposit more than one hundred dollars within thirty days, or have at any time more than five hundred dollars to his credit; and that interest at two per cent. should be paid on all sums over three dollars and multiples of one dollar, beginning the first of the month following the deposit, and stopping the last of the month preceding the withdrawal.—*Popular Science Monthly*.

#### POSTAL SAVINGS BANKS IN GREAT BRITAIN.

It is generally agreed that a system of savings institutions that would be easily accessible to the people throughout the country, give them absolute security for their small savings, and repay deposits at short notice, would, even if the rate of interest were very low, be a great convenience to many people in every community, and a great encouragement to economy and thrift among working men and people of small incomes. There are many who think that postal savings banks similar to those which have been in successful operation in Europe and in the British colonies for a number of years would furnish just the sort of facilities for saving that are needed in this country. Many Americans know something of the working of the postal savings banks in England, where they have been in operation since 1861.

There are now upward of 7,800 of the post offices in the United Kingdom open, commonly from nine in the morning until six, and on Saturday until nine, in the evening, for the receipt and repayment of deposits. One shilling is the smallest sum that can be deposited. The Government has, however, recently issued blank forms with spaces for twelve penny postage stamps, and will receive one of these forms with twelve stamps affixed as a deposit. This plan was suggested by the desire to encourage habits of saving among children, and by the success of penny banks in connection with schools and mechanics' institutes. No one can deposit more than £30 in one year, or have to his credit more than £150, exclusive of interest. When principal and interest together amount to £200, interest ceases until the amount has been reduced below £200. Interest at two-and-a-half per cent. is paid, beginning the first of the month following the deposit and stopping the last of the month preceding the withdrawal, but no interest is paid on any sum that is less than a pound, or not a multiple of a pound. The interest is added to the principal on the 31st of December of each year.—*Popular Science Monthly*.

#### THE COST OF GOVERNING EUROPE.

Mr. Lewis Appleton has just published a carefully-considered article in which he deals with the national expenditures of all European countries, including such small ones as Montenegro, Denmark, Greece, and Servia. The information, which he gives in a tabulated form, reveals the astounding fact that the total annual expenditure in Europe on its armies and navies amounts to the astonishingly large sum of \$917,509,985. The largest annual expenditure is by Russia, the amount being \$230,512,500. France comes next, with \$168,653,915, and for the same purpose there are expended by Great Britain and Ireland \$155,603,775—a good third. Compared with this, the expenditure of the others, even Germany, considering the magnitude of the army which that nation has to support, looks very small.

The expenditure of the German Empire on its army and navy amounts to \$113,123,745. Austria, including Hungary, spends on its armies and navies \$67,068,975. Italy spends a little over \$60,000,000. The remainder are smaller, being, Spain, \$31,250,000; Turkey, \$27,500,000, and Holland, \$17,500,000.



Large though the expenditure on the armies and navies of all the countries be, the amount required for the payment of the interest on the debts of these countries is still larger, reaching the extraordinary amount of \$1,037,159,175. France has the largest debt of all, the amount being \$4,800,000,000, involving the annual payment for interest of \$500,000. On the \$3,790,000,000 of debt on the British Empire, almost \$150,000,000 is being paid annually as interest. The debt of Russia is less amount, being \$3,017,500,000, involving the annual payment for interest of \$165,000,000. Germany, with its \$1,500,000,000 of debt, pays only for interest \$67,500,000. The total amount of the national debts of all European countries reaches the astonishing figure of \$23,021,500,000.—*London Standard*.

#### GOLD DIGGERS ON THE AMOOR.

A Siberian semi-official paper gives some interesting particulars of a community which has lately sprung up on the south of the Amoor, in a district where gold has been found in such abundance that the name Asiatic California has been given it. The place is practically an almost inaccessible desert, without roads or paths; it is well beyond the Russian frontiers, and it would seem that until the middle of last winter the Chinese were quite ignorant that a gold mine had been found on their territory. The diggers, who are largely composed of American and Australian miners and recruits from the diamond fields, soon found the necessity of establishing order, and they have constituted a sort of democratic republic. The gold field is at present divided into 22 sub-districts, over each of which two elected chiefs preside, a judge and an overseer, whose duty it is to compose all differences which may arise among the diggers, and to inflict moderate punishments for any offences. A general president controls this body of judges and overseers; chosen by general suffrage from among the diggers, and he is charged with the task of conducting any business which may arise with the Russian or Chinese administrations of the Amoor districts. The decision of all matters of grave importance is reserved to a general assembly of all the diggers, and this assembly is empowered to expel any one from the mines, to depose the president, and to inflict capital punishment. The president has a salary of 400 rubles a month, or about \$560; the overseers and judges have salaries of half this amount. A director on all places of amusement and liquor saloons constitutes the fiscal authority of the commonwealth. There are about 150 such places in the district, and the receipts of each vary from 200 to 400 rubles a month. Each place pays a monthly tax of 25 rubles. A Russian official has been stationed by the authorities of Eastern Siberia in the district, and he has purchased a large quantity of the gold obtained by the diggers at the rate of 3.40 rubles the "solotnik" (equal to 4.3 grammes), or nearly at the rate of £45 the troy pound. The amount purchased at the beginning of summer amounted to 66 "poods," or over 2,600 pounds. When the Chinese authorities learned that a gold mine had been discovered within their borders, they took steps to assert their rights, and sent a small detachment of troops. The diggers tried to buy them off, offering first four pounds, then eight pounds of gold. Then a force of 1,000 men was sent from Manchouria, the intention being to attack the diggers as soon as the ice began to break up on the Amoor, and they could no longer escape by the river into Russian territory. Had they known this there would have been much bloodshed, for the diggers are now armed and very determined, and, as discoverers, consider they have an absolute property in the diggings. Possibly Russia would have found in the confusion an excuse for intervention in a district which she greatly regret is not within her own borders.

## INQUIRIES OF CORRESPONDENTS.

## • I. COMPUTATION OF TIME.

Will you kindly give your opinion as to when the following notes are due? Note dated Nov. 30, 1885, and payable three months after date; note dated December 30, 1885, and payable two months after date; note dated Feb. 28, 1886, and payable one month after date, including grace in each case.

REPLY.—November 30, 1885—3 months: February 28—March 3, 1886.

November 30, 1885—2 months: January 30—February 2, 1886.

February 28, 1886—1 month: March 28—March 31, 1886.

See Daniel on Negotiable Instruments §§ 624, 625, BANKER'S MAGAZINE, 34, 573, January 1880.

## II. MORTGAGES AND PLEDGES TO NATIONAL BANKS.

Have National banks a right to take as *collateral* security, notes secured by mortgage on real estate? For example: We loan one of our customers, whose *own* note we consider good, a sum of money, and he gives as additional security, a note a mortgage of another party as collateral. Or, if we consider a loan we have made not as well secured as we like, and we take in addition to other names on his original note, a note of his with mortgage on real estate. Do you consider either transaction legal? Or, can we take Government bonds, or any good bonds, as collateral to good notes?

REPLY.—Our correspondent appears to think there may be a distinction between a mortgage made directly to a bank, and one made, in the first instance, to a third person and assigned by him to the bank to hold as collateral security for another debt. It is a distinction without any substantial difference. See *Matthews v. Skinner*, 62 Mo. 329; *Fowler v. Scully*, 72 N. H. 456; *Fridley v. Bowen*, 87 Ill. 151; *Crocker v. Whitney*, 71 N. Y.

However good the inquirer may consider his customer's note, he is not entirely willing to take additional collateral security from him, and, should the customer's note prove worthless, would, no doubt, attempt to enforce the original security. Then, the question would arise as to the validity of the bank's mortgage to the land under the mortgage; and it is too plain for further discussion that it is the same thing under the law, whether the bank holds a mortgage as the original mortgage, or by assignment from another. The National Bank Act, U. S. R. S. § 5,137, provides that a National bank may hold such real estate as shall be mortgaged to it in good faith by way of security for debts previously contracted; and furnishes in plain language the basis by which the legality of the transaction is to be judged. The law looks to the substance of the transaction, and says that a National bank shall lend money on mortgages of real estate, but may take a mortgage in good faith to secure a loan previously made. If a mortgage is taken at the time a loan is made, it would be an idle and foolish excuse to say that the bank "considers" the borrower's own note sufficient security for the loan, and therefore, that the law has not been violated; or, that the mortgage is a valid and legal security in its hands, because the bank is well secured already.

While it is well settled, however, that a National bank has no right, under the law, to lend money on mortgages of real estate, it is now equally well settled that a mortgage so taken is valid in the hands of the bank. The mortgage may be enforced by it against the land. *National Bank v. Mattheu*, 10 U. S. 621. This leaves the question of whether the law has been violated in any particular instance, one solely between the Treasury Department and the bank. The Bank Act gives the Comptroller of the Currency various powers to commence proceedings against a bank in any case where the bank has been disregarded, to forfeit its charter; and the Supreme Court of the United States has said, in the case cited, that this is the only way provided under the law, of punishing a National bank for this particular violation of it. We had supposed the law on this subject was now well understood by all bankers.

The right of a National bank to take pledges of stocks and bonds of all kinds, as security for loans, has never, as far as we know, been seriously disputed. At any rate, the right is beyond question. See *Morse on Banks*, p. 558, and cases cited.

### III. DUTY OF AGENT FOR COLLECTION.

1st Jones, in New York, owes me \$1,500; when amount becomes due I draw on him at sight for the amount, and give the draft to my bank for collection. The draft is held in New York by the correspondents of my bank, to accommodate the drawee. Meanwhile drawee fails. Is not my bank here responsible for the amount, having failed to collect the draft nor inform me of refusal of payment?

2d. I store 200 bags of almonds in warehouse; sell the almonds to Smith and give him an order for the goods. When Smith wishes to take delivery of almonds the warehouseman informs him that he has only 195 bags, five bags having been devoured by rats. Proprietor of warehouse refuses to reimburse me for proper loss destroyed, claiming that he is not responsible for loss sustained in that way. Is it that he is bound to deliver 200 bags. Who must suffer the loss?

REPLY.—(1) We think it is. According to the rule laid down in *Daniel on Negotiable Instruments*, §§ 327, 330, it was the duty of the New York correspondent to take the appropriate steps necessary to the prompt payment of the draft by presenting it for payment without delay, and, if the draft was not paid, to give due notice of dishonor to the party who indorsed the draft to it for collection, and, if it failed in any of these duties, as it plainly did, it became immediately liable in damages to the inquirer as the owner of the draft. That the former bank is responsible to the inquirer for the acts of its New York correspondent is now well settled. *Exchange National Bank v. Third National Bank*, 112 U. S. 276; *BANKER'S MAGAZINE*, vol. 39, p. 611—February 1885.

(2) Judge Story says, in his work on Bailments, that warehousemen "are only to take common and reasonable care of the commodity intrusted to their charge. If, therefore the commodity is injured or destroyed by rats while in the custody of a warehouseman, he is not responsible, if he has exercised ordinary care in preserving it." *Story on Bailments*, § 444, and cases cited.

## BOOK NOTICES.

*Railroad Transportation—Its History and Its Laws.* By ARTHUR T. HADLEY, Commissioner of Labor Statistics in the State of Connecticut, and Instructor in Political Science, in Yale College. New York and London: G. P. Putnam's Sons. 1885.

This is a much-needed book. Notwithstanding the magnitude of the railroad interest, the attention given to it by the daily press, its prominence in legislation, the books pertaining to the subject are very few. The reports of railroad commissioners, of course, are not included in this statement. Beside these, some reports and pamphlets have appeared, relating principally to the question of transportation, and the excellent works of Messrs. Kirkman and Adams.

These, however, almost complete the list for this country. A few years ago the Pennsylvania Railroad published a history of its marvelous growth, but we believe that no other railroad has imitated the example. Of foreign railroad systems, elaborate works in various languages exist; while we have been content to act without putting much in print on this important subject. Mr. Hadley's book is excellent, as far as it goes, but we need much more, and trust that this is only the introduction. He is amply qualified for the task, and what he has given to us whets our appetite for a fuller presentation of several of the great questions relating to railroad transportation. A large portion of the book is devoted to a description of European railroad systems, and all this is valuable in the way of comparison, and of showing more clearly wherein improvements can be made. In so brief a space it was quite impossible to give more than a faint outline of our railroad history, yet, this is needful to solve many of the existing questions. Are general railroad laws desirable? If we knew not the mischief they corrected, we should be pretty sure to condemn them, for the evil consequences they have caused are very great. The same remark might be applied to the different principles adopted from time to time, regulating the rates for transporting freight.

The author shows as much candor as intelligence in dealing with his difficult theme. This is a needful quality, especially in a book of this kind. Mr. Hadley is desirous of finding the truth, and of deducing sound conclusions. It is in marked contrast, in this regard, with most of the crude, prejudiced ideas of newspaper writers. It is therefore an exceedingly useful book, and cannot be too highly commended.

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*The Study of Political Economy—Hints to Students and Teachers.* By J. LAURENCE LAUGHLIN, Assistant Professor of Political Economy in Harvard University. New York: D. Appleton & Co. 1885.

The purpose of this book is well set forth in the preface. It is "due to an attempt to convey by lectures to students, an understanding of the position which political economy holds in regard, not merely to its actual usefulness for every citizen, but to its disciplinary power, and to the quali-

ties of mind which are necessary for success in the study." By avoiding far as possible all technical language, the author has sought to make his inquiry useful to any general reader of intelligence who might be interested to know how to study political economy. The book contains five chapters in which the following matters are considered: the increased interference with the economics caused by the civil war; the character and disciplinary power of the study; its relations to the law, ministry and journalism; and the methods of teaching it. The volume is well written, and will doubtless serve a useful purpose.

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*The History of Bimetallism in the United States.* By J. LAURENCE L. LIN, Assistant Professor of Political Economy, in Harvard University. New York: D. Appleton & Co. 1886.

This work is divided into three parts. The first part treats of the history of the coinage and use of silver, from 1792 to 1873; the second part treats of the recent fall in the value of that metal; and the third, the silver legislation since 1873, closing with a description of the present situation. The author has traveled over a well-worn field, and might, we think, have more profitably employed his time in another way. In the work of Mr. George Weston, though written from a different point of view, is a much more complete and wider insight into the matter, indeed, there has been but little change since, on either side, except of a historical nature. Congress knows enough the general facts pertaining to the coinage and use of silver in this country, and all the arguments for and against the continued use of this metal. If the matter were not one of vital interest to silver producers, we do not think that body would be much troubled over a solution of the question. The author gives the following account of the transition that has been going on since the resumption of specie payment in January, 1879, in the gold reserve. At that time the gold reserve was about \$133,000,000, "but since 1879 the issue of silver dollars which are receivable for customs, just to the extent to which they are used by importers instead of gold, has cut off the cash by which the Government is enabled to supply itself with gold, and in 1881 the gold reserve in the Treasury has been steadily diminishing, so that now, as more and more silver has been put out by the Treasury, a part of the sums paid in for customs duties is in silver instead of gold. And, inasmuch as the United States has hitherto paid the principal and the interest of all its obligations in gold, it will be found that while the Treasury pays out gold, the supply with which it can pay is becoming gradually and constantly less. It is only a question of time, therefore, when the gold reserve of the United States shall be changed from gold to silver to the extent which will force the Secretary to pay in silver. . . . So soon as any depreciation is manifest, the silver will begin to drive out the gold from circulation. We shall then have reached a silver basis, and our prices will be changed to suit the silver standard. In the existing state of trade a stupid policy cannot be too harshly condemned.

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*rest of Laws Governing the Issue of Municipal Bonds.* Published by S. A. Kean & Co., bankers, successors to Preston, Kean & Co., Chicago. 1885.

This is a useful publication. The work is intended for investors, and if digest of the investment laws herein given be accurate, as we presume, investors will find it of much worth. The banking-house by whom it published has acquired an excellent reputation as a prudent investor. For nearly twenty-five years it has been engaged in this business, and no one yet lost anything through its advice or action. No doubt much of its success can be ascribed to a thorough knowledge of the laws relating to the numerous obligations that have been issued. In numberless cases investors have parted with their money without knowing much about what they are doing. To such persons this book or the house issuing it would have saved them from many a loss.

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## BANKING AND FINANCIAL ITEMS.

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THE depositors of the Bank of Buffalo, New York, now number fourteen hundred, and their deposits aggregate a grand total of \$3,250,000.

BOSTON — Mr. Walter B. Adams has withdrawn from the firm of C. H. Venner & Co., and will organize a new banking and brokerage house during this month.

SOMETIMES IT FAILS.—A man giving the name of James Atwood vainly endeavored recently to swindle the International Bank of Chicago to the amount of \$4,000 by means of a forged draft.

MESSERS. KOUNTZE BROTHERS, bankers, of this city, have secured an attachment against the property of the City Bank of Houston, Texas (which recently failed), in this State, in proceedings brought in the Supreme Court to recover \$100,000 on two promissory notes which the bank indorsed.

SENSIBLE MOVE.—A bill has been laid before the French Senate to punish by imprisonment from one to five years, and a fine of from 16 f. to 3,000 f.—exclusive of damages that may be awarded—forgeries of signatures on works of painting, sculpture, drawing, music, or other art productions. The dealer who shall knowingly traffic in such spurious works will be liable to the same punishment.

KILLED BY MISTAKE.—Earl S. Gillett, aged about 58 years, and cashier of the National Mohawk River Bank of Fonda since its organization in 1856, died at Fonda about 7 o'clock on December 14th, from a dose of aconite given him by his wife in mistake for his usual medicine. He left the bank at 4 o'clock and was out to take tea at 5.30 when he asked for his medicine, with the above result.

SILVER COINAGE.—A bill has been introduced in the Senate by Senator Sherman, of New Jersey, in relation to the coinage of the standard silver dollar. It provides that the portion of the Act of February 28, 1878, entitled "An Act to authorize the coinage of the standard silver dollar, and to restore its legal character," which authorizes and compels the Secretary of the Treasury to purchase from time to time silver bullion, at the market price thereof, to the amount not less than \$2,000,000 worth nor more than \$4,000,000 worth per month, and the same to be coined into standard dollars as fast as purchased, shall be amended.

**THE CAPITAL STOCK OF NATIONAL BANKS.**—Congressman Adams, of Ill. has introduced a bill in the House of Representatives permitting National banks to increase their capital stock at any time and to any extent, sanctioned by two-thirds vote of the directors and the permission of the Comptroller of the Currency. The bill also authorizes National banks to change their name or location under the same restrictions, provided that no release is thus obtained from any obligations.

**CHANGE OF FIRM.**—As noticed in our columns elsewhere, the banking firm of Lamprecht, Hayes & Co. has just been succeeded by W. J. Hayes & Sons. The latter will assume the deposits and all assets and liabilities. Mr. W. J. Hayes, of the Cleveland Rolling Mill Company, is so well known that comment is unnecessary here; suffice it to say that the business will receive his careful attention. Mr. E. Hayes has been closely identified with the old concern since its organization, and will contribute to the succeeding firm a valuable experience.—*Cleveland Leader.*

**A POINT SETTLED.**—The some-time pending suit of Miss Ellen King against Drexel, Morgan & Co., to recover \$2,000 as the value of two United States bonds, terminated on the 23d of December, before Judge Sedgwick, by a verdict in favor of defendants. The litigation is the sequel to a robbery of United States \$1,000 bonds, \$19,000 in currency, and \$1,000 in gold, which occurred in Vesey Street, August 3d, 1878. The bonds and money had been kept in a satchel which, in some way, was removed from the plaintiff's house on the night of the robbery. All efforts to discover the robbers were fruitless. April 18, 1879, two of the bonds passed into the possession of defendants. They had been sold in the open market in London, and in the regular course of business the bank became possessed of them. Justice Sedgwick said that, as the evidence showed that the bankers had obtained the bonds from a firm in London, who had purchased them for value, they are entitled to keep possession of them, and the plaintiff cannot recover.

**ANOTHER MAGNIFICENT BUILDING FOR CHICAGO.**—The Central Safety Deposit Company has leased from the city of Chicago the lot on the southeast corner of La Salle and Adams streets, in the immediate vicinity of the new Board of Trade building, for 99 years, free of taxes, at an annual rent of \$35,000, and upon this is to be erected a building costing \$1,000,000, and probably one of the largest in the city. \$1,000,000 has all been subscribed. About three quarters of the capital is subscribed. Chicago, and the rest from Eastern cities. The lot is 177 by 188 feet, and the structure to be erected upon it will be 10 stories high, have about 700 rooms, and hold ordinarily about 2,500 persons. The materials will be granite, brick, and terra-cotta, and the building will be used for safe deposit vaults, offices, and stores. The plan for the first floor provides for a great arcade, comprising 60 stores, which can be thrown into one system. By the terms of the lease the building, which will be finished by May 1, 1887, will revert to the city when the lease runs out. The city bought the lot in 1852 for \$8,750.

**MASSACHUSETTS SAVINGS BANKS.**—Nothing could better show the prosperity of the people of Massachusetts than the report of the Savings Banks Commission just issued. The following figures, culled therefrom, show the condition of the people's savings:

The assets of the Savings banks are \$287,059,676, and the amount of interest paid last year was \$13,869,466. The items of increase over last year are: Number of open accounts, 22,779; amount of deposits, \$12,278,265.96; number of deposits, 45,254; amount of same, \$634,561.67; public funds, \$2,445,200; bank stock, \$300,086.81; loans on bank stock, \$11,585.28; deposits in banks on interest, \$3,841,777.82; railroad bonds, \$2,319,622.12; invested in real estate, \$17,012.44; loans on mortgages on real estate, \$6,226,892.17; cash on hand, \$613,008.97. Aggregate amount of the earnings, \$294,418.67; amount of ordinary dividends, \$406,947.66; number of outstanding loans not exceeding \$1,000 each, 2,208; amount of same, \$986,001.12; amount of withdrawals, \$894,370. There has been a decrease in the following: Number of accounts closed, 11; real estate by foreclosure, \$660,987.27; loans to counties, cities or towns, \$1,548.17; loans on personal security, \$414,931.98.

**A SUCCESSFUL SOUTHERN BANK.**—The First National Bank of Charleston, South Carolina, is one of the most successful banking institutions in the South. Its president, Mr. Andrew Simonds, who is so well known as to need no further mention, has recently shown his faith in the First National (the corporate existence of which has been extended by the Comptroller of the Currency for twenty years, from December 11th, 1885), by purchasing one thousand shares of the stock at \$250 per share. Dr. Simonds, therefore, now controls two-thirds of the shares. Mr. Andrew Simonds, jr., son of the president, has recently been elected vice-president, and Mr. Henry I. Green has been made assistant cashier. They are authorized by the board of Directors, by resolution, "to sign all contracts, checks, drafts, certificates, receipts, or other papers requiring the signature of the president or cashier or both, also the circulating notes of the Bank."

The figures for the surplus and undivided profits of the First National Bank of Charleston are quite imposing, being \$450,000.

**RAISING MONEY BY CHECKS DRAWN ON A FICTITIOUS BANKING-HOUSE.**—The particulars of what is believed to be a swindling scheme of large proportions have just come to light at Toledo, Ohio. It seems that one day, lately, a smooth-faced man, about twenty-five years of age, called at a local printing office and had some checks printed, bearing the firm name of C. B. Bennett & Co., bankers, purporting to be of that city. On note-heads the names of the partners were given as E. L. Furbish and F. H. Sterling. Those parties are all fictitious, and the banking-house of C. B. Bennett & Co. does not and never did exist in Toledo.

The First National Bank received two of these checks from two different banks in Louisville, Ky. The Second National Bank also received one of the checks from a bank at New Albany, Ind. These three checks were for \$300 each, and all were signed by J. A. Denton, and payable to him. It is thought that the so-called Denton has an accomplice in Toledo, who, in response to telegrams, certified to the existence of the firm. The affair is being investigated.

**TONS OF GOLD AND SILVER.**—The new vault which has been constructed in the Assay Office in this city was, on December 20th, taken possession of by the superintendent, who immediately set his employees at work stowing away tons of gold and silver within the capacious inclosure. The heavy bricks of the precious metals were piled upon trucks and wheeled into the vault, where they were arranged in tiers. The walls of this vault are composed of five alternate layers of iron and steel. The structure is 22 feet long, 18 feet wide, and 9 feet in height. We calculate that it is of sufficient capacity to hold all of the gold and silver that we shall ever have to put into it at a time. As the steel used in the walls is chilled, and the layers firmly bolted together, it would be practically impossible for burglars to effect an entrance. At least, with the best appliances known to cracksmen, 12 hours would be required to penetrate the walls; and it is not to be supposed the rascals can ever have that length of time for uninterrupted work. The door of the vault is furnished with time locks, and cannot be unlocked except in business hours.

**THE PRESTON BANK OF DETROIT.**—The Preston Bank of Detroit, Mich., is displaying commendable enterprise in adding to its Banking-house a safety deposit vault, which merits more than a passing mention. It is to be the handiwork of Hall's Safe and Lock Co., of Cincinnati, Ohio, which fact is a guarantee in itself that the vault will be a creditable piece of safety deposit architecture. The vault is to have walls three inches thick on the outside, with a concrete six-inch wall and regular steel jail cage. It is to contain 2,500 compartments of different sizes. The windows of the room in which it will stand will be protected by bars one and a quarter inch thick, made of drill-proof chrome steel, with an additional protection of steel shutters with port holes. The shutters will be so arranged that they can be closed from the inside, so that in case of an attack from a mob the vault would be to all intents and purposes an impregnable fortress which could be defended successfully by a very small garrison. The entrance arches to the room in which the vault is placed will be protected by a steel breastwork one and a-half inches thick, and will be as absolute a security as there is in the United States. Directly below the room occupied by the vault is a fireproof room for storage. The cost of the improvements mentioned will be about \$25,000.



ST. LOUIS.—The record of the Fifth National Bank of St. Louis, Mo., from date of its organization, affords gratifying evidence of healthy progress, brought about mainly by the strict observance on the part of its management of the true principles of sound banking. At the close of its first year of business, the Fifth National had met with such success and encouragement that it was enabled to increase its capital one hundred thousand dollars, so that it now has \$300,000 paid-up capital. Its business has shown a constant improvement from the start, and in spite of the universal depression consequent upon the panicky feeling of May, 1884, and the resultant diminution of confidence in all circles, the deposits of the Fifth National are greater in the aggregate than they were prior to the period of depression. The bank has been steadily adding to its surplus—which is now above the legal requirements—besides paying regular dividends to its stockholders. Its officers have made it a pleasure for those transacting business with the bank, and in the matter of selections from other cities have frequently sent telegrams about the business to the patrons of the bank as an accommodation, even when they were not required to do so in the strict performance of their duty. To the prompt attention given to all business entrusted to the bank, and the uniform courtesy of its officers to all those desiring to transact business with it, the prosperity of the Fifth National is in no small degree largely attributable. This goes to show that red-tapeism is not an inseparable concomitant of successful and sound banking.

THE BROKEN SHACKAMAXON BANK.—The Schackamaxon Bank, of Philadelphia, failed last summer because of an overdraft of \$47,000 on account of its president. C. P. Milligan, the paying teller, has recently told on oath how the directors divided up the money on the day of suspension. The directors held a meeting at the bank on the morning of the day of suspension, and reassembled at about 3 P. M.

"I closed the door of the bank about 3 P. M.," said Mr. Milligan. "Mr. Galbert gave me a check for \$4,000 before he went up stairs to the meeting, and said, 'I will get the money when I come down stairs.' The watchman put Galbert's money in a bag. Mr. Galbert got his money after the meeting. He handed me the check for \$4,000 and gave me one for \$3,000. He would not carry the money out the front way, but directed me to tell the watchman to take it out the back way over to Front street. Mr. Galbert and Mr. Wistler went out the front way. McCartney gave me his check at about 6 P. M. I gave him his money in silver. He directed the watchman to take it to his (the watchman's) house, saying that (Mr. McCartney) would call for it the next morning. Mr. Judge gave me his check before he went upstairs to the meeting. Mr. Rose gave me his check after the Board adjourned from the afternoon meeting. Mr. Peters gave me his check at 8 or 9 P. M. on the Thursday before the suspension. Mr. Rose asked me to come over to his house at 9 P. M., saying that the directors were to hold a meeting there. Mr. Peters gave me his check for \$200 in his store. We both went to the bank and I put the check on the file. I gave him the money in silver."

TO BUILD UP A FORTUNE IN NEW YORK.—Among the business men who have recently come to make New York their home is William N. Riddle, late president of the Penn Bank of Pittsburgh, the millionaire and philanthropist of Smoky City. His name will readily be recalled as the defendant in the great case lately tried there, in which he was acquitted and the costs thrown upon the prosecutors. A reporter of the New York *Tribune* found him recently in the office of his counsel, ex-Judge G. M. Curtis. The man who made a million dollars in banking in ten years, gave away a quarter of it in charity, and lost the rest in trying to save the largest bank in Pittsburgh, is not more than forty years old.

"Yes," Mr. Riddle said, on being questioned, "I am transplanting. I have left Pittsburgh, and am beginning my business life here anew. I am going to make another fortune. I have fixed up a place down in Wall street, am going into exchanges, and shall take a hand in new corporations, in the formation of companies, the sale of commercial paper, etc."

Being asked the condition of the Penn Bank litigations, the ex-president said: "Why, I was acquitted, you know, when it was found that, instead of defrauding the bank, I had put my whole fortune into it in the vain effort to save it. The depositors sued the directors for \$6,000,000, and the suit is awaiting trial."

have a heap of friends in Pittsburgh, and I shall try here to make myself useful in the community where I may live." Inquiry about his will, which the Pittsburgh papers have been discussing, brought the reply, with a laugh: "I am a sort of crank on the charity question. I am a bachelor, requiring only \$5,000 a year to live on, and I have generally given away about five times that sum. When I was rich I made my will, bequeathing everything to charities—to schools, colleges, hospitals, libraries, retreats of various sorts—but it all went into the chasm caused by the speculation of the directors during my illness and absence. That will isn't good for much now, but—who knows?—now that my health is given back to me, I feel as if I could do anything! I have been very pleasantly received in New York."

BOSTON.—At the monthly meeting of the Trade Club, held at Young's Hotel, December 2d, Colonel Daniel Needham, ex-Bank-examiner, Mr. Curry, State Savings Bank Commissioner and Mr. J. W. Magruder, National Bank Examiner for Boston, were present as guests. After the dinner, President Darling made a brief address, in which he outlined the topic of discussion for the evening, and then introduced, as the first speaker, Colonel Needham. He gave his experience as a bank director in 1844, when it was considered a great thing to be such an officer. Then the stockholders attended the meetings, and the business men always tried to get on the right side of the director. In those times, particularly in country banks, we knew the standing of every man in the community. A man could not get his paper discounted in any bank outside of his district without creating suspicion. Now-a-days the note broker comes in, and the borrower does not come in direct contact with the officers of the bank. Let a man, who twenty years ago made a fortune, embark into the same business now-a-days, and he is sure to go to the wall. Business must be done on the business principles of to-day, not of to-morrow or yesterday. I do not know that there are any more failures to-day, in proportion to the amount of capital invested, than there were in former years. There are no such panics as there were, and we can safely say that the country is firmer and more stable from its bitter financial experiences. Let us go back to the time when this nation resumed specie payments on January 1, 1879. At that time it was an absolute impossibility, logically, for the nation to resume specie payment, but the enterprising men were determined that it should be done, and it was done. And how was it brought about? By the nations of the Old World, through necessity, coming in and giving us their coin for the products of our soil. I do not know what will become of our labor strikes; they look very formidable. I think the men engaged in these movements lack intelligence. Let the employer and employee come together, and discuss what each can do for the other, and then you have the American idea.

Mr. Curry was the next speaker. The Savings bank, he said, is a most democratic institution. The Massachusetts system was founded in the following manner: A philanthropic gentleman suggested that the poor man should be aided, not by giving alms, but by encouraging habits of thrift and economy. In 1816 the first legislation in this State as regards Savings banks was enacted, and the Provident Institution for Savings was chartered. The deposits of the Savings banks in Massachusetts to-day amount to more than \$200,000,000, with an average of \$160 to each depositor. The number of depositors of \$50 or less are 300,000, and the whole number 850,000, of whom 400,000 are females. The investment of deposits is an important matter—first, that the securities should be good, and at the same time yield a profitable return to the depositor; and, second, it is of vital importance to the Commonwealth that the Savings banks should be kept in existence. These banks are not only beneficial in a financial way, but in an educational point of view as well. They teach the great mass of our foreign population to acquire habits of thrift and to learn to take care of their money. Strange as it may seem, there are only a few States in which Savings banks are successful. In the New England States they are rapidly accumulating.

Mr. Magruder, Examiner of the National Banks of Boston, was introduced by the president. He answered several questions, propounded by the members, on the New York weekly bank statement, how it was made up and classified. The discussion was continued by other gentlemen.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from December No., page 471.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ARK....	Marianna.....	Lee County Bank (Julius Lesser)	Irving National Bank
COL....	Meeker.....	J. W. Hugus & Co.....	Kountze Bank
DAK....	Ashton.....	First National Bank.....	.....
"	Ellendale.....	Fred. W. Rogers, <i>Pr.</i>	.....
"	Howard.....	Bank of Ellendale.....	Fourth National Bank
"	Howard.....	Security Bank.....	United States National Bank
D. C....	Washington....	Nat'l B'k of Washington.	American Exch. National Bank
	\$200,000	Edward Temple, <i>Pr.</i>	Chas. A. James, <i>Cas.</i>
ILL. .	Chicago.....	Chas. Kozminski & Co...	Knauth, Nachod & Kuh
"	Franklin Grove.	Conrad Durkes.....	.....
"	Gibson City....	H. C. McClure & Sons...	American Exch. National Bank
IOWA..	Britt.....	Farmers' B'k (J. D. Mabey)	.....
"	Decatur.....	Bank of Decatur.....	Chemical National Bank
"	Council Bluffs..	Council Bluffs Nat. Bank.	.....
"	\$100,000	A. C. Burnham, <i>Pr.</i>	J. N. Brown, <i>Cas.</i>
"	Perry.....	Commercial Bank.....	Gilman, Son & Co.
"	Sioux City....	A. T. Pearson, <i>Pr.</i>	J. D. Nash, <i>Cas.</i>
"	\$100,000	Union Loan & Trust Co..	Hanover National Bank
"	Webster City..	Geo. L. Joy, <i>Pr.</i>	E. R. Smith, <i>Sec.</i>
"	\$50,000	Farmers' National Bank..	.....
"	Westside.....	J. W. Mattice, <i>Pr.</i>	H. A. Miller, <i>Cas.</i>
"	Westside.....	The Valley Bank (N. D. Thurman)	E. S. Kintner, <i>C.</i>
KANSAS.	Ames.....	Ames State Bank.....	National Bank of the Republic
"	\$30,000	W. P. Rice, <i>Pr.</i>	E. K. Streeter, <i>Cas.</i>
"	Blue Mound....	Bank of Blue Mound....	.....
"	\$25,000	I. J. Brook, <i>Pr.</i>	H. M. Brook, <i>Cas.</i>
"	Earleton.....	Bank of Earleton.....	National Bank of Commerce
"	Ellis.....	H. L. Freeman, <i>Cas.</i>	.....
"	\$50,000	Merchants' Bank.....	First National Bank
"	Garden City....	W. O. Ray, <i>Pr.</i>	H. R. Honey, <i>Cas.</i>
"	\$50,000	Bank of Western Kansas.	National Bank of the Republic
"	Glen Elder.....	I. R. Holmes, <i>Pr.</i>	T. M. Dickey, <i>Cas.</i>
"	\$15,000	Bank of Glen Elder.....	First National Bank
"	Glen Elder.....	M. P. Westfall, <i>Pr.</i>	B. S. Westfall, <i>Cas.</i>
"	Grainfield....	Citizens' Bank.....	United States National Bank
"	\$10,000	First Bank of Grainfield..	Hanover National Bank
"	Kenneth.....	Theo. H. Brown, <i>Pr.</i>	Frank L. Brown, <i>Cas.</i>
"	Lyons.....	Sheridan Co. B'k (Dow & Morrison)	Bank of America
"	Norwich.....	Central State Bank.....	Chemical National Bank
"	Severy.....	John E. Gilmore, <i>Cas.</i>	Continental National Bank
"	Norwich.....	Norwich Bank.....	.....
"	(W. W. Robbins & Co.)	.....	.....
"	Severy.....	Bank of Severy.....	.....
"	Sam'l C. Marshall, <i>Pr.</i>	Will. M. Marshall, <i>Cas.</i>	.....
MASS...	Boston.....	Cordley & Young.....	.....
MICH...	Clio.....	May Bros.....	Hanover National Bank
"	St. Louis.....	Bank of St. Louis.....	Mercantile National Bank
"	(Frank G. Kneeland)	.....	.....
MINN...	Winona.....	Winona Savings Bank....	.....
"	Wm. Windom, <i>Pr.</i>	F. A. Rising, <i>Cas.</i>	.....
MISS...	Vicksburg.....	Merchants' Nat'l Bank...	Mechanics' National Bank
"	\$100,000	O. C. Wills, <i>Pr.</i>	W. S. Jones, <i>Cas.</i>
MO....	Macon.....	Bank of Macon.....	National Bank of Commerce
"	\$25,000	Duston Adams, <i>Pr.</i>	B. Zick, <i>Cas.</i>
NEB....	Tobias.....	People's Bank.....	Kountze Bank

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
NEB....	Ashland.....	Amer. Loan & Trust Co.. \$250,000 O. M. Carter, <i>Pr.</i>	D. D. Cooley, <i>Tr.</i>
" ..	Blue Hill.....	First National Bank.....	Chemical National Bank.
" ..	.....	\$50,000 Christian Koehler, <i>Pr.</i>	Henry G. Koehler, <i>Cas.</i>
" ..	Mead.....	Bank of Mead.....	Chemical National Bank.
" ..	O'Neill.....	First National Bank.....	.....
" ..	.....	\$50,000 Patrick Fahy, <i>Pr.</i>	E. S. Kelly, <i>Cas.</i>
" ..	Pawnee City ..	Nebraska State Bank.....	United States National Bank.
" ..	.....	\$50,000 Wm. C. Henry, <i>Pr.</i>	J. F. Stiegemeier, <i>Cas.</i>
" ..	Raymond.....	Raymond Bank.....	Chemical National Bank.
N. H. .	Manchester ....	New Hampshire Trust Co. Jas. A. Weston, <i>Pr.</i>	H. D. Upton, <i>Tr.</i>
N. Y. .	Tompkinsville..	Bank of Staten Island.....	.....
N. C. .	Asheville .....	First National Bank.....	National Park Bank.
" ..	.....	\$100,000 Wm. E. Breece, <i>Pr.</i>	W. H. Penland, <i>Ass't Cas.</i>
OHIO...	Mantua.....	Crafts, Hine & Co.....	Mercantile National Bank.
ORE....	Portland.....	Commercial National B'k. \$100,000 David P. Thompson, <i>Pr.</i>	R. L. Durham, <i>Cas.</i>
PA.....	Philadelphia... ..	Tenth National Bank.....	.....
" ..	.....	\$200,000 John K. Cuming, <i>Pr.</i>	Richard H. Rushton.
" ..	Philadelphia..	Fleming & Page.....	.....
" ..	Tarentum.....	Jno. F. Humes.....	Hanover National Bank.
S. C. .	Abbeville.....	National B'k of Abbeville. National Park Bank. \$50,000 A. B. Wardlaw, <i>Pr.</i>	Benj. S. Barnwell, <i>Cas.</i>
TENN...	Chattanooga...	City Savings Bank.....	Kountze Bros.
" ..	.....	R. B. Hillas, <i>Pr.</i>	Chas. E. Stivers, <i>Cas.</i>
" ..	Maryville.....	Bank of Maryville.....	Chemical National Bank.
" ..	.....	\$50,000 P. Mason Bartlett, <i>Pr.</i>	Jos. Burger, <i>Cas.</i>
" ..	Nashville.....	Mechanics' Sav'gs & T. Co. ....	.....
W. TER.	Tacoma.....	Pacific National Bank.....	National Bank of the Republic.
" ..	.....	\$50,000 Chas. P. Masterson, <i>Pr.</i>	T. B. Wallace, jr.
WYO...	Cheyenne.....	Cheyenne National Bank.	Hanover National Bank.
" ..	.....	\$100,000 Nathaniel R. Davis, <i>Pr.</i>	John W. Collins, <i>Cas.</i>
" ..	Sundance.....	Stebbins, Fox & Co.....	Kountze Bros.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from December No., page 471.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier</i>	<i>Capital.</i>
416	Cheyenne National Bank.....	Nathaniel R. Davis,	John W. Collins,	\$100,000
	Cheyenne, Wyo.			
417	Pacific National Bank.....	Chas. P. Masterson,	T. B. Wallace, Jr.,	50,000
	Tacoma, WASH. TER.			
418	First National Bank.....	Wm. E. Breece,	W. H. Penland, <i>Ass't,</i>	100,000
	Asheville, N. C.			
419	First National Bank.....	Christian Koehler,	H. G. Koehler,	50,000
	Blue Hill, NEB.			
420	Farmers' National Bank.....	J. W. Mattice,	H. A. Miller,	50,000
	Webster City, IOWA.			
421	National Bank of.....	A. B. Wardlaw,	Benj. S. Barnwell,	50,000
	Abbeville, S. C.			
422	Commercial National Bank.....	David P. Thompson,	R. L. Durham,	100,000
	Portland, ORE.			
423	Tenth National Bank.....	John K. Cuming,	Richard H. Rushton,	200,000
	Philadelphia, PA.			
424	First National Bank.....	Patrick Fahy,	E. S. Kelly,	50,000
	O'Neill, NEB.			
425	National Bank of.....	Edward Temple,	Chas. A. James,	200,000
	Washington, D. C.			

### CHANGES OF PRESIDENT AND CASHIER

(Monthly List, continued from December No. page 472.)

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of.</i>
N. Y. CITY.	Seaboard Nat'l Bank..	S. G. Bayne, <i>V. Pr.</i> .....	.....
		Ed. G. Barger, <i>Ass't Cas.</i> .....	.....
DAK....	Hillsboro National Bank, Hillsboro.	A. H. Morgan, <i>V. Pr.</i> .....	.....
" ..	Blackhills Nat. B'k, Rapid City	Jas. E. Hyde, <i>Ass't Cas.</i> .....	.....
" ..	First Nat'l Bank, Sioux Falls..	James Haft, <i>V. Pr.</i> .....	.....
" ..	First Nat'l Bank, Sioux Falls..	R. J. Wells, <i>Pr.</i> .....	J. B. Young.
ILL....	First Nat'l Bank, Bloomington.	G. W. Funk, <i>V. Pr.</i> .....	.....
" ..	John Weedman Nat'l Bank, Farmer City.	T. K. Weedman, <i>V. P.</i> ...	.....
" ..	Third National Bank, Rockford.	L. A. Trowbridge, <i>Cas.</i> ...	W. T. Wallis
" ..	Winnebago National Bank, Rockford.	Geo. C. Spafford, <i>As. Cas.</i> ...	L. A. Trowbridge
" ..	Winnebago National Bank, Rockford.	W. T. Robertson, <i>V. Pr. M. Starr.</i>	.....
" ..	Winnebago National Bank, Rockford.	Chandler Starr, <i>Cas.</i> .....	W. T. Robertson
KAN....	First Nat'l Bank, Anthony....	O. F. Casteen, <i>Ass't Cas.</i> .....	.....
" ..	Garden City B'k, Garden City.	C. F. M. Niles, <i>Pr.</i> .....	J. W. Rush.
KY....	Louisville City N.B., Louisville	M. R. Wheat, <i>ad V. Pr.</i> .....	.....
LA....	Germania Nat. Bk, New Orleans	T. Prudhomme, <i>Pr.</i> .....	Jules Cassard
MICH...	Second National Bank, Owosso.	J. Seligman, <i>V. P.</i> .....	.....
" ..	Second National Bank, Owosso.	McE. Miner, <i>Ass't Cas.</i> .....	.....
MINN...	National Bank of Commerce, Minneapolis.	H. H. Thayer, <i>Ass't Cas.</i> ...	F. Slocum.
MISS...	First National Bank, Vicksburg.	James P. Roach, <i>Pr.</i> .....	S. T. Barnett
" ..	First National Bank, Vicksburg.	Thomas Mount, <i>Cas.</i> .....	W. S. Jones.
NEB ...	State National Bank, Lincoln.	E. E. Brown, <i>Pr.</i> .....	J. R. Richardson
" ..	State National Bank, Lincoln.	K. K. Hayden, <i>Cas.</i> .....	L. C. Richardson
" ..	State National Bank, Lincoln.	W. R. Alexander, <i>Ass't.</i> .....	.....
N. MEX.	Albuquerque National Bank, Albuquerque.	Geo. F. Chalender, <i>Pr.</i> .....	L. Huning.
" ..	Albuquerque National Bank, Albuquerque.	Edmund H. Smith, <i>V. Pr. J. Bell.</i>	.....
" ..	Albuquerque National Bank, Albuquerque.	W. S. Strickler, <i>As. Cas.</i> .....	.....
N. Y....	Exchange National Bank, Olean.	M. W. Barse, <i>Pr.</i> .....	C. V. B. Barse
" ..	National Mohawk River B'k, Fonda.	F. L. Bartlett, <i>Cas.</i> .....	M. W. Barse.
" ..	National Mohawk River B'k, Fonda.	J. L. Hees, <i>Acting Cas.</i> ...	E. S. Gillett.
" ..	Schenectady B'k, Schenectady..	W. G. Schermerhorn, <i>Cas.</i> ...	W. L. Goodrich
" ..	United Nat'l Bank, Troy.....	J. H. Neher, <i>Cas.</i> .....	G. H. Perry.
" ..	First Nat'l Bank, Waterloo...	A. G. Mercer, <i>Pr.</i> .....	M. D. Mercer
OHIO...	Commercial Bank, Cincinnati..	W. H. Campbell, <i>Cas.</i> .....	W. N. King.
OR....	Capital National Bank, Salem.	A. A. McCully, <i>V. Pr.</i> .....	.....
PA....	Northampton Co N.B., Easton	Thomas T. Miller, <i>Pr.</i> .....	C. Lawall.
" ..	First National Bank, Erie.....	William Spencer, <i>Pr.</i> .....	J. C. Spencer
" ..	Mer. & Man'rs N.B., Pittsburgh	E. M. Ferguson, <i>Pr.</i> .....	Reuben Miller
R. I....	People's Sav. B'k, Providence..	John G. Massie, <i>Tr.</i> .....	A. C. Howard
TENN...	First National Bank, Nashville.	Thos. Plater, <i>Pr.</i> .....	N. Baxter, Jr.
" ..	First National Bank, Nashville.	J. P. Williams, <i>V. P.</i> .....	T. Plater.
" ..	First National Bank, Nashville.	H. W. Grantland, <i>Cas.</i> ...	J. P. Williams
TEX....	State National Bank, Austin..	Lewis Hancock, <i>Cas.</i> .....	E. T. Eggleston
W. VA.	Charleston National Bank, Charleston.	C. P. Mead, <i>Pr.</i> .....	G. S. Couch
" ..	Charleston National Bank, Charleston.	W. B. Seaton, <i>Cas.</i> .....	C. P. Mead.
" ..	Mer. N.B. of W. Va., Clarksburg	Nathan Goff, Jr., <i>Pr.</i> .....	Nathan Goff
Wis...	Union Nat. Bank, La Crosse..	M. Anderson, <i>V. Pr.</i> .....	.....

\* Deceased

## CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from December No., page 473.)

- C. ... Washington.... Bank of Washington; now National Bank of Washington.  
 ..... Metamora..... Metamora B'k (J. W. Page & Co.); now Peter & Schutzen,  
 proprietors.  
 .. White Hall.... White Hall Banking Association; now White Hall Bank.  
 D. .... Evansville. .... Bement, Gilbert & Co.; about to discontinue business.  
 VA. ... Council Bluffs.. owa State Savings Institution; about to merge into the  
 Council Bluffs National Bank.  
 .. Perry..... First National Bank; purchased by Citizens' Bank.  
 .. Morrison..... B'k of Morrison (Raymond & Allison); succeeded by Grundy  
 .. Webster City.. Farmers' Bank (Miller & Mattice); now Farmers' Nat. Bank.  
 County National Bank, of Grundy Centre.  
 ..... Elizabethtown.. Harris, Polk & Co.; suspended.  
 SS. ... Clinton..... Lancaster National Bank; closed December 31.  
 CH. ... Adrian..... T. J. Tobey & Co.; now Howell, Baker & Co.  
 WN. ... Lake City..... First National Bank; suspended.  
 ..... Ashland..... Farmers' Bank; liquidating.  
 .. Montrose..... H. S. Marvin & Co.; now Bank of Montrose.  
 .. Mound City.... Mound City B'k (Zook & Thomas); now John S. Smith, pro.  
 B. .... Blue Hill..... Webster Co. Bank; succeeded by First National.  
 .. O'Neill..... O'Neill State Bank; now First National Bank.  
 Y. ... Syracuse..... Dow, Short & Co.; suspended.  
 to. ... Cleveland.... . Lamprecht, Hayes & Co.; dissolved and established two dif-  
 ferent firms; Lamprecht, Bros. & Co. and W. J.  
 Hayes & Sons.  
 .. Orrville..... Farmers' Bank; closed.  
 AS. ... Houston..... City Bank of Houston; Receiver appointed.  
 O. ... Rock Springs . Miners and Stock Growers' Bank; closed.

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RECENT BOND CALL.—A bond call—the first since September 26, 1883—was  
 made on December 29 by the Secretary of the Treasury. About thirty days' notice  
 was given, so that the call will mature February 1, 1886, and thereafter. The  
 amount—\$10,000,000, with interest to that date—will be payable, and made a  
 charge against the coin reserve of the Treasury. Since December 1st there has been  
 an increase in the surplus of about \$7,000,000, so that the available cash balance,  
 exclusive of the \$100,000,000 set apart as reserve for the redemption of legal-tender  
 notes, and the \$28,000,000 of minor coins, which are classified as "unavailable  
 funds," is now nearly \$70,000,000. Under the methods of keeping the Treasury  
 books prior to the advent of Treasurer Jordan, this balance would be \$199,000,-  
 and on January 1st is certain to exceed \$200,000,000. The Treasury gold  
 covered by certificates is \$147,000,000, an increase of \$1,000,000 since De-  
 cember 1st. The Treasury always loses gold early in January by the payment of  
 interest on four-per-cent. and Pacific Railway bonds. This obligation requires  
 about nine million dollars, but usually the Treasury regains most of the amount  
 disbursed before the middle of the month.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, DECEMBER, 1885.

*Opening, Highest, Lowest and Closing Prices  
of Stocks and Bonds in December.*

[illegible]

## NOTES ON THE MONEY MARKET.

### A FINANCIAL AND COMMERCIAL REVIEW.

December is the dulllest month of the year in wholesale trade, under ordinary conditions, while it is the most active in the retail branch of almost all staples. As a whole, the sales have held good only, in fact, the past year. The wholesale branch of the iron trade has been unusually active this year, while the retail dry-goods trade, of this city, at least, have not fallen up to the average of the season, even if it has been as good as it was a year ago. September was a better retail as well as wholesale month for dry-goods, compared with other years, than the month of December. The reason is obvious. The September trade was largely with out-of-town people, who visited New York in unusual numbers this year, as well as wholesale buyers from all over the country. The slack holiday trade is due to the fact that the improvement in business which has been felt most in all the manufacturing centers has not reached the commercial centers nor the financial or speculative classes, except in Wall Street. All other middlemen have been doing less business this Fall than a year ago, as we are exporting less of everything, except corn and securities. Hence, the majority of people in this city, outside of stock exchange and manufacturing circles, have less money to spend than a year ago. Capitalists and mill workingmen, as a rule, are better off than a year ago, but the commercial laborer and the great middle classes are not. It is upon these that the dry-goods, as well as all other merchants, must depend for good trade. Without as much demand from this source as a year ago, it is plain, therefore, why the holiday trade has been disappointing this year.

The improvement in business has not, as yet, become general, and it has not lasted long enough, when it has set in, to put their increased profits or earnings into circulation. The late idle mills that are now running, have not begun to pay dividends, and their employees have not yet paid up the debts incurred during idleness, so as to be able to spend more than for the necessities of life. The railroads are earning more since a restoration of business, but the earnings have not yet found their way into stockholders' pockets in the shape of dividends. All this will come in time. But it has not come yet, and this is why people have been disappointed in the results of this Fall's trade. It is not a discouraging sign, however. It is natural, instead of artificial, as some expected. There was no condition on which a speculative boom could be maintained, had it been started in legitimate trade. It was by speculators and railroad managers in Wall Street. It has been pointed out often here that this period of recovery would not and could not be marked by the wild speculation of 1878 to 1881. The conditions did not exist. Hence, when the late boom in stocks was carried beyond the limit of a natural reaction from an undue depression, it was time and again declared that the advance had been carried far enough, and could be forced no further, until legitimate trade in all branches had participated in the im-



provement, by which railroad stocks were expected to be sustained and enhanced values. It was clear that, to hold the advance since July, the roads of the country must earn more and pay greater dividends. To do this they must carry more freight, or get higher rates for what they do carry. As a rule, there was not sufficient activity in general trade to increase earnings materially on the volume of traffic. Hence, rates were raised to meet the necessary increase. But these rates are checking the movement of goods, because the staples of commerce are not in demand for export, and the country is slow to pay any additional tax to the railroads. Therefore, the advance in rates is curtailing earnings again. It is utterly impossible to bull the market in such a baseless position, when the present prices even are maintained only in anticipation, rather than the realization of increased earnings. Manufacturers alone can carry them higher now, as the public has practically been driven out of the market since the death of Mr. Vanderbilt, and act like staying in the general business gets better. A further advance in stocks now, though it would be at the expense and to the great detriment of all the legitimate business interests of the country.

People who look for a boom again, as in 1878 to 1881, will look in vain. He who discounts one will find that he has discounted moonbeams. In our last recovery we were masters of the grain and provision trade of the world, and Europe took our immense surplus from four consecutive years of crops at high prices. Now Europe will take very little of anything but wheat, corn, and only at very low prices. She is now master of the situation in India the great factor, both in supply and price. Now we have a small market for our small exports and low prices, simultaneously, as we then had a large market for our exports and high prices. Conditions are exactly reversed, and with the exception of the damage that threatens to stamp out the "booms" and "boomers" of the future, by which this sad change has been wrought in every business interest in the country. Legitimate business was killed by speculators. It is a strange thing if legitimate business does not now revenge itself on the speculators of its ruin.

Whether we can ever get our export trade back again, is a question which was lately showed in this article that, by the system of option-dealing in this country, we pay Europe an average premium of 6 cents per bushel to buy her wheat in every other market of the world instead of her own. California is included with the rest of the world, as it has not yet got out of its gambling with wheat. It would seem that, to recover the export trade of the Atlantic States, we must abolish this premium on futures. To do that, however, is to kill option-trading, and to kill that, ends gambling in grain, and all the vast army of speculators would have to go west, and gamble on wheat instead of gamble in it. The same is true of provisions, cotton, and petroleum. These are our chief export staples, and this is the cause of our loss of exports and of railroad earnings and slow recovery and general improvement, in which the manufacturing interests are leading. The commercial now, instead of the reverse, as from 1878 to 1880.

The only alternative to stopping option dealings, to recover our export trade, would seem to be to turn our attention in the direction of manufactures—called—to manufactures—and export the goods instead of the raw materials, and thus increase our national wealth in a two-fold greater ratio than

This, indeed, would seem to be the new and the true policy of this country hereafter, as it is doubtful if we can ever again compete successfully with Indian cheap land and labor in raising wheat. We may hold our own in corn culture and in raising live stock. But aside from these two staples, it looks as if we had lost our supremacy in the export trade for ever. That we shall become the great manufacturing country of the world, however, and make a home market for all the wheat and cotton we can raise, and export the product instead of these raw materials, is no doubt among the probabilities the future.

One present cause of speculation may in another decade prove to have been a blessing in disguise, to compel us to put away the boyish things of our national youth, and to take up occupations of older civilizations.

The stock market for December has been subjected to a pretty severe test of the strength of the combination that took it in hand last July, and engineered the reorganizations to a successful issue, on which the advance since has been predicted. The key-stone of that gigantic speculative and railway administrative arch was suddenly and entirely unexpectedly knocked out of its place by the death of Mr. Vanderbilt. Yet the cement of self-interest and preservation in which its corner stone was laid, was so strong that it held every brick in the vague structure in place, while the pressure of the interests that were supported by it were so great as to close the break in the arch without the displacement of a stone. The wisdom of builders was never more thoroughly demonstrated. Never was so great a work consummated, nor so severely tested, nor so thoroughly fitted to its purpose as to withstand not only the expected but also the unexpected. Hence the stock market stood like a rock, when the rock upon which it stood was suddenly removed. It is true that a check was given to the bull movement that has not yet been recovered from, and the market reacted on free realizations for a few days, but advanced afterwards to almost the highest point. It is safe to venture, that had Mr. Vanderbilt's death been preceded by a dangerous and protracted sickness, the stock market would have suffered far worse. Indeed, had anyone been asked the probable effect of his death on the market a week before it occurred, he would have predicted a panic, as the whole bull movement in stocks since last July rested on him and his millions. Without him it never could have been accomplished or even undertaken, when the concentrated control of so many millions was necessary. The greatest work of his life was his last, and he left the business and especially the railroad interests of this country a legacy as great as to his predecessors. Anyone who doubts this has only to take the stock exchange values of June last and those on the day before his death, or now, and credit it with the difference. Here is an answer to the popular charges of the injury done the public by the vast wealth Mr. Vanderbilt controlled. While it was a source of danger, and would have been an active and intolerable source of apprehension in the hands of a reckless or unscrupulous man, it was really a source of wealth to the public whose wealth he created and increased and protected, in creating, increasing and protecting his own. Never was this so wonderfully illustrated as in this last and greatest act of his life. Still, the fact remains that such a vast power in single hands is a menace to the public welfare, and should never be encouraged. That we

have escaped now was due to the goodness of Mr. Vanderbilt's heart. He was a creator, a builder up and not a robber and puller down of what others had created and built up. He made the lion's share and did not hesitate to take it and keep it. But under the present distribution of profits of capital and labor he was as much entitled to it as any employer of labor at the same wages. Indeed, he paid men more than other corporations, as shown by less trouble with his men.

At the same time he has been a most wholesome check upon the power of other millionaires, whose fortunes were made by pulling down and appropriating other people's property. In fact, he has been the only power such have feared or respected for many years. They could buy legislators, corrupt courts and officers of the law and subsidize the press. But they could not get Mr. Vanderbilt to join their schemes of plunder, and they dared not oppose him. The most disastrous illustration of the effects of such opposition was the last, in which his rivals in the control of the stock market undertook to stem the tide of his last great bull movement on their belief in his power to upset any trunk line combination that did not first obtain his co-operation. So far from this were the views of Mr. Vanderbilt, that he treated them with entire indifference, and, in fact, consummated the greatest railway combination in history, without these rivals even knowing of it. He publicly announced it, after a 10 per cent. advance in his stocks, of which these parties were short. After fighting the advance up 15 per cent. and throwing all their own long stocks of other corporations on the market to break it, and failing to check the Vanderbilt boom, they covered at a great loss and retired from the struggle with several millions less before Mr. Vanderbilt's death, leaving him in supreme control.

Investors and owners of railroad property, therefore, owe him more than one deliverance from the sharks of the Stock Exchange. He was a great dam of conservatism in the market, and in finances that could not be counted on the side of the public, when the floods of panic broke upon the Street. That he has left such an estate so that it will do the public good, in a money point of view, to his properties and to his heirs, at least ill to the public is apparent to anyone who has read his actual business disposition of so many millions. No further proof of this is needed than the manner in which the stock market withstood the shock of his death at such an important and unexpected crisis, for which his foresight was perfectly provided. These extended comments have been made here and there because the whole fabric of the stock market, and the near future of the entire railway system depends upon the ability of his successors to carry out his great plans, and to sustain the enhanced values depending thereon. There is no danger from this source, since the greatest danger, as we have shown, has been passed, in his death. While his plans have been arranged that they will carry themselves out, since they are continued in the hands he had placed them for safe-keeping before his death. The tribute paid to Mr. Vanderbilt, as a man, is deserved; and the least that should be done is to accord to him in death the justice which popular prejudice refused him in life—his immense power to do the public harm, which no man believed he so used, because smaller millionaires did.

The stock market may be regarded in a safe position, therefore, al

ated in the last article, there is nothing to warrant any further advance until other branches of the country's business have improved, too, as well as earnings of the railroads. To advance rates further would be to prevent such improvement, and check the present light movement of produce, even the lowest prices of the depression. The sterling exchange advance to gold exporting point and a few small shipments were but temporary, and rather effect on stocks than genuine. The possibility exists, however, of exporting so long as our exports remain at the lowest ebb in years, and imports continue. Indeed, we would have been doing it before had not Europe been buying our railway securities so freely since last summer. Since Vanderbilt's death this demand has fallen off materially, and hence the possibility of the advance in exchange. Next to the silver trouble, this loss of exports is the most serious one in the way of good times. Were the trouble for one crop and temporary it would not be so serious. But this tendency has existed for three years and is going from bad to worse, until it is doubtful we can get back what we have lost. Cotton is selling two cents per lb. well below a year ago. Yet we are not exporting any amount, because India and Egypt are supplying it at less.

Cotton stocks are piling up here until there are 200,000 bales more at the present time than a year ago, 40,000 of which excess over last year is in New York. Though so low, European markets are still lower. The same is true of wheat, which was king from 1878 to 1881, as cotton was before the war. At the same time, our visible supply on the Atlantic seaboard is several millions of bushels larger than a year ago, notwithstanding a shorter crop in 1881. Short crops and low prices cannot bring prosperity to a country that depends upon agriculture as we do.

There is the black spot in the horizon of improved business prospects, and the bulls in Wall Street may find this speck, no larger than a man's hand, growing into another storm like that they have just gotten over, if they undertake to monopolize all the benefits of the railroads, of the improved business of the country. Conditions now are just reversed in the produce markets from what they were in 1878 to 1881, when our last good years occurred. Our export trade then brought the good times. Now the good times, or something else, will have to bring the export trade back again before we can be truly and permanently prosperous. How this can be done is the great question we have to solve. India can raise wheat cheaper than we can, and she and Egypt raise cotton cheaper. We still hold the lead in corn, and are invading Europe with our shipments of fresh beef, with which English and French sources cannot compete. It may be that these staples offer the only profitable export field we have left, while we can manufacture wheat into flour and ship it. Speculation, however, has driven this export trade away in wheat and cotton, by artificial prices and premiums on options, and it may drive away our corn trade too. We have no "option" business in live stock yet. But it is by no means certain that the gambling necessities of our people will not yet establish "futures" in cattle and hogs and sheep. At all events, the abolition of what killed wheat and cotton exports originally, and brought India into the field, namely, options, would help to restore that trade, by doing away with premiums on exports and false values. Petroleum exports are affected in the same way.

and Russia is developing competition that is growing yearly. It may be found an absolute necessity of legitimate commerce to abolish all speculation in its staples, and all dealings for future delivery, except for actual shipment. It would certainly be a great gain to the country if the army of gamblers in produce and their servants and retainers and their families could be employed in some productive business instead of in one that eats up both the producer and consumer without returning any equivalent whatever to them or to the community. If we are going to give up business and turn into a nation of gamblers then we are all right now. If we are going to remain in business it may be found necessary to turn the gamblers out.

The reports of the New York Clearing-house returns compare as follows:

1885.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	S.
Dec. 5..	\$ 338,514,100 .	\$ 91,581,100 .	\$ 29,014,300 .	\$ 377,635,200 .	\$ 10,095,200 .	\$ 26
" 12..	338,726,800 .	94,019,500 .	29,069,300 .	378,121,800 .	10,082,500 .	28
" 19..	337,574,300 .	92,818,100 .	28,305,200 .	377,502,000 .	10,005,700 .	26
" 26..	336,938,300 .	90,988,200 .	27,212,700 .	373,953,000 .	9,924,400 .	24

The Boston bank statement is as follows:

1885.	Loans	Specie.	Legal Tenders	Deposits.	Circ.
Nov. 28 ...	\$ 156,277,900 ....	\$ 9,163,200 ....	\$ 5,101,900 ....	\$ 116,344,300 ....	\$ 21
Dec. 5 .....	155,448,900 ....	9,237,600 ....	4,527,000 ..	116,075,600 ....	21
" 12.....	154,456,100 ....	9,748,600 ....	4,290,500 ....	114,257,900 ....	21
" 19.....	154,140,100 ....	10,140,400 ..	4,184,100 ....	112,632,300 ....	21
" 26 .....	153,045,900 ....	10,371,000 ....	4,247,900 ....	112,846,600 ....	21

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1885.	Loans	Reserves	Deposits.	Circ.
Dec. 5.....	\$ 82,280,800 ....	\$ 29,246,800 ....	\$ 87,123,200 ....	\$ 74,123,200
" 12.....	82,673,700 ....	27,720,300 ....	84,905,900 ....	74,123,200
" 19.....	83,198,100 ....	27,075,100 ....	85,088,000 ....	74,123,200
" 26.....	83,749,500 ....	26,572,200 ....	84,751,600 ....	73,123,200

## DEATHS.

CASSARD.—On December 12, aged sixty-three years, JULES CASSARD, agent of the Germania National Bank, New Orleans, La.

CLAPP.—On December 22, aged forty-seven years, BENJAMIN D. CLAPP, Cashier of the First National Bank, Plattsburgh, N. Y.

GILLET.—On December 14, aged fifty-eight years, EARL S. GILLET, Cashier of the National Mohawk River Bank, Fonda, N. Y.

GOFF.—On November 27, aged eighty-eight years, NATHAN GOFF, President of the Merchants' National Bank of West Virginia, Clarksburg, Va.

HILL.—On November 21, aged eighty-four years, ELISHA HILL, of the Exchange Bank of E. Hill & Sons, Colon, Mich.

LOWEN.—On December 27, aged seventy-three years, WILLIAM L. LOWEN, Treasurer of the Sag Harbor Savings Bank, Sag Harbor, N. Y.

MARQUAND.—On December 22, aged thirty-one years, FREDERICK MARQUAND, of the firm Marquand & Parnly, New York City.

WOODRUFF.—On November 21, aged eighty years, GEORGE C. WOODRUFF, President of the Litchfield Savings Society, Litchfield, Conn.

THE  
BANKER'S MAGAZINE  
AND  
Statistical Register.

VOLUME XL.

FEBRUARY, 1886.

No. 8.

TIMES IMPROVING.

noteworthy improvement is manifest in many kinds of business. Perhaps the producers of iron and iron manufactures feel the urge more than any other class. An enormous capital restlessly seeking for employment is now becoming active. The railroad companies are absorbing the energies of the people in various ways. For several years their rolling stock has not been much increased, but with the prospects of better times they are renewing it more rapidly. Besides, many new railroads have been planned, especially in the West. In the Northwest it is said that five thousand miles of road will be built within the coming year. This, of course, demands employment for an enormous amount of capital and a vast number of men. In other directions the revival of trade and industry is clearly seen.

It is also seen that for this revival to be stamped with permanence it is necessary to keep prices not far from the old line. A considerable advance in prices, were this possible, would again turn the heads of men and lead to a general rush in production. The experience of men during the last great wave of prosperity has not been forgotten. All were bent on making the utmost, hence a tremendous rush into all kinds of business, soon followed by overproduction with the usual accompaniment of surplus stocks, declining prices, and a long period of stagnation from which we are just emerging. A happy thing, indeed, will it be for us if our former experience prevent the repetition of such a course. The Thomas Co. has led off by the sale of a large quantity of iron, we have one-half of their annual product at only a small advance

over the prices previously asked. This was a serious disappointment to many possessing less wisdom, who were desirous of having prices pushed up in the old fashion as soon and as far as possible. But we are quite certain that the course of the Thomas Iron Co. has commended itself to all the more conservative business men. Had that great company advanced the price very considerably, every furnace would have gone into blast in a short time, and the production of the country would have been strained to the utmost, with the results above mentioned. We trust that the course of this company will be repeated by other companies, and in all kinds of business. If this is done, we may count with certainty on good business, and on the longer continuance of it than during the last period of money-making. Certainly, it is far better for all concerned to make money more slowly and more regularly, than to make it in the spasmodic fashion of the last twenty-five years.

With this advance in prices, and sure indication of better times, the workingmen are not slow to demand better wages. They have certainly felt the pressure of the times—nor has that pressure been imaginary. Their wages have been reduced, and, unhappily, rents and all kinds of living have not been reduced in proportion. Consequently, they have been serious sufferers. Those who, in good times, laid up a portion of their wages for a wet day were wise, and doubtless a much larger number might have done the same thing had they been so inclined. The workingman gains his wisdom slowly. In good times, instead of ever thinking of a reverse in his fortunes, he is too apt to squander his wages in beer and in other ways, so that, when overtaken by reduced wages and shortened hours of labor, the consequence is poorer clothing, living, and the denial of many of his wants. He is, therefore, glad over the prospect of better times, and, quickly discerning them, asks for an advance. It is unquestionably true that, in too many cases, he is asking without much reason. While manufacturers have taken plentiful orders for work for months to come, yet their prices are low and the profits small. The doing of a large business is quite in harmony with the making of small profits, but too often the workingman imagines that the setting of machinery in motion means a larger advance in prices and profits than the facts warrant. So strikes are beginning all over the country, and grumbings are heard on every side. This is to be regretted, for, as we have already remarked, the renewal of production does not, in truth, indicate a very large advance in prices, certainly not enough to warrant the payment of much higher wages. The producers, during the last few years, in many cases have run at an actual loss. Their capitals have been impaired, their machinery has become deteriorated, and they are really in need of accumulating something to put their plant in a good condition, and these things the workingman should con-

sider, for he knows that these facts are unquestionably true. One of the changed conditions of the times is that business is less a secret than it used to be. Now, the prices of all kinds of things are a matter of record, of raw materials, of labor, of transportation. Rents are known, so is the price for all kinds of products, the commissions that are paid, the rates of insurance, and interest paid on money borrowed. One, therefore, can easily figure out the profits of almost any concern approximately. These things were not so before the days of newspapers and of making public records of business. As these facts are now known, and such papers and records are easily obtainable, the workman is able to tell, with a very considerable degree of accuracy, whether his employer is making *anything* or not, and therefore knows quite well enough when his demand for higher wages is reasonable and when it is unreasonable. These facts, trite as they are, too often are overlooked. If it were duly considered that modern business is a transparent thing, and could be looked into by employed and employer, there would be, perhaps, better feelings subsisting between both classes, and less need for striking, on the one hand, and of ill-feeling and disregard of the working class on the other.

Our country is so enormous, and contains within itself such a potency of resource and development, that, with rational modes of conducting business, prosperity is sure. In no country in the world are business risks so few if men possess a reasonable degree of intelligence in doing it. If men often over-shoot the mark, and fail, it is caused by their ignorance or their lack of business methods, an excessively hopeful nature, and other reasons of that kind. Our demands are great in every direction, and constantly becoming greater as our population multiplies, and other countries are opened up to further development. Notwithstanding all we have, our wants are ever increasing, and, as we get the means to purchase, other wants arise more rapidly, so that there is no end to the wants and satisfactions of the people. All this is hopeful for the future. No one need despair, but consider that if a reasonable degree of prudence and of energy be shown, prosperity is always assured.

One other remark is worth making, namely, that perhaps the most serious cloud in the future horizon is that of speculation. The Employer of labor may have fears concerning the conduct of his men, but, after all, these difficulties are adjustable and can be controlled, but the speculative fever is far more insidious and dangerous, and signs of its revival are seen on every hand. The Stock Exchange has been peculiarly lively of late. That pandemonium of all evil was the first to catch the breeze, and fan the smouldering embers into a brighter destroying flame. Nothing is so harmful to all legitimate business as this demon of speculation. We read an article



the other day in the New York *Commercial Bulletin*, on the destruction of our grain exports. One of the five causes assigned for that sad industrial blow was speculation, the demanding of higher prices for wheat in the future than the cash stuff brings. The writer showed that in other markets of the world grain for future delivery could be bought at the same price as grain on hand; consequently, a shipper would very naturally turn to another market if enough existed, rather than to come here and buy in an uncertain and speculative one. We have not read such a depressing article for a long time, and yet the writer's knowledge of the subject showed beyond a doubt that his diagnosis of the causes of the decline in the wheat export was correct. Legitimate business should frown down every symptom of speculation as soon as it appears. Speculation thrives at the expense of what is legitimate and good. Prosperity and speculation cannot long thrive together. If the speculative fever breaks out in dead earnest and continues long it is absolutely certain that legitimate business will be throttled and killed by it. Let producers and merchants and all engaged in honest and legitimate industry duly weigh this fact. If they desire business to thrive, they should in every way hinder and impede, and, if possible, overthrow those engaged in speculation.

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## THE MERCANTILE AGENCY METHODS.

The case recently decided at Montreal, against a leading mercantile agency of this city, charged with falsely reporting and publishing the standing, and damaging the reputation, of a firm in that place, suggests a most important question to every business man, as to the value of these agencies. It also challenges the right of such self-constituted business concerns to pry into, or publish the private business and social relations of individuals and firms, or to rate and classify their financial standing, personal character and general reputation. That the objects of these agencies are legitimate, and their existence a necessity, might be assumed from the fact that they are so accepted and patronized by a majority of business men. But it is frequently charged that their acceptance is often compulsory, and the necessity, one that arises, not from business, but from the illegitimate methods employed by some agencies, against which there has been no remedy, and from whose ratings there has been no appeal.

The public press is liable in damages for the publication of false reports damaging to the credit or reputation of an individual or a firm, whether due to carelessness, malice, or venal intent. But mercantile agencies, through their private press, have hitherto been

allowed with impunity to publish and circulate reports, utterly wrong, and often fatally damaging to business houses. The defence set up in this Montreal case was that these reports are "privileged communications." How privileged, and why, when a newspaper could be held in heavy damages, under such circumstances? If there is any difference in the gravity of the offence, and the extent and seriousness of the damage resulting from the different methods of publication, it is clearly in favor of the newspaper, which professes only to give news as it transpires, while these agencies assume to investigate personally each individual case, and to know that their reports are true. For the latter to do more or less is to forfeit their right to confidence, toleration, and even to existence.

That this case was the result of carelessness no one doubts. But such carelessness becomes a crime in the engineer who falls asleep at his post, and kills his passengers. He cannot plead in defence, however, that nature is "privileged" to sleep, when it is tired; nor the company escape damages, because it did not intend any harm. So long as there is doubt of the standing of a firm, it is entitled to the benefit of that doubt, until removed by absolute proof, that its condition is not what it has been considered to be. Until then, there is neither occasion nor excuse for publishing reports detrimental to any concern. If such a rule is not inexorably observed, the business community is absolutely at the mercy of these unauthorized private inquisitions, unlicensed by law, unamenable to the Courts, and utterly irresponsible, civilly or criminally, for their own acts, had their reports been decided to be "privileged communications." They could have been prostituted with safety and impunity, to illegitimate purposes of the worst kind, and to malicious attacks upon credit, damage to which is as irreparable as to a woman's good name.

These mercantile inquisitions should therefore be held to a more strict accountability in law than newspapers even, instead of less. Otherwise they will most certainly, sooner or later, fall into the hands of unscrupulous managers, who will use them for purposes of blackmail. The case recently on trial in the Criminal Courts of this city furnishes an instance, in which the old and once reliable Thompson's *Bank Note Reporter* fell into the hands of these Philistines of the press, by whom it had since been used for such purposes. A civil suit was brought by a prominent business house of this city, last spring, in which a commercial agency was charged with willfully misrepresenting its standing, because it had refused to comply with the requests of their agency, and to patronize its publications. Not long since, an instance became notorious at the Produce Exchange in which a prominent English shipping house had its rating lowered by one of our leading agencies, because its head refused to be interrupted on "Steamer day" to attend to the demands of an im-

pertinent reporter of that agency. And this underrating was published continuously in their reports for two years afterwards, although the agency was notified by the trade that this house was entitled to its original standing. Another case transpired very recently, where a city bank refused to discount the note of a house, good for \$30,000, for one of its depositors, because an agency's report rated it worse than nothing. The depositor proved to the bank that the parties, were entitled to a \$30,000 credit, when their note was discounted. Upon being informed of these facts, the head of the house said that the representative of this agency had called some time before to ask him to subscribe for its reports, and he told him he had no use for it, and refused to pay the required subscription. But, on learning of the action taken by the bank, it gave this house a \$30,000 rating. In another case, a house that had been insolvent for two years, but subscribed for the agency reports, had its old rating of \$250,000 continued till the day it failed. Still another case occurred in a Western city, some years ago, in which the correspondent of one of the New York agencies, who was also counsel for a local banker, gave the latter the highest rating but one in their scale, until the day of his collapse, though he had been insolvent for nearly two years.

These illustrations of the short comings and long goings of such agencies are given to show their serious nature and frequent recurrence. From these, it will be seen that with such an inquisition in hand, unless held responsible for their reports, the power to put the thumb-screws upon every business man in the country, is unlimited, except by the character or greed of its managers. The sooner this State passes a law protecting the mercantile community from these dishonestly managed inquisitions that prey upon it, the better will it be for the honestly and ably conducted agencies and business men alike. Indeed, if such serious cases as these cited are not extremely rare, it will not be long before people will conclude that the honestly managed agencies are as useless to protect them against houses of bad credit as the dishonestly conducted ones are dangerous to their own credit. That there are both honorably and ably administered mercantile agencies there is ample evidence. But that very fact increases the power of the bad ones to injure the public. Hence the former should join the business community in demanding legal protection against the latter, at the coming session of the Legislature of this State, unless this decision of the Canadian Courts will stand as a precedent in our Courts, for denying this preposterous claim of "privileged communications" to ruin the credit and standing of business houses, which these agencies were ostensibly organized to protect.

## WHO MAKES THE PRICE OF OUR EXPORTS?

Formerly Great Britain made the price for the surplus wheat of the world; and, until 1877, Liverpool was the controlling factor. Owing to a succession of short crops, throughout Europe, from 1878 to 1881 inclusive, the United States fixed the price for this surplus, during that speculative period, and Chicago speculators became the masters of the situation. Since 1882, India, by the extension of her railroad system into the interior of that empire, and by the decline in silver, equivalent to 15 cents per bushel in her favor, has become the chief factor, in establishing the value of this staple. This, notwithstanding her own surplus is much smaller than that of America, or even of Russia, has been made possible, not by the operation of the natural laws of trade, but in spite of them. American speculation in wheat, and over production of silver, under the compulsory coinage law of the United States, were the chief factors in transferring the scepter of supremacy in the wheat trade from this country to India.

These revolutions, in this great trade, following each other in such rapid succession, have been due to other causes as well. But the two named were the chief elements, for whose introduction this country alone is responsible. In other words, the United States have pursued a commercial and financial policy that has nearly driven away its export trade in wheat, and is fast driving away that in provisions and cotton. Petroleum and corn are the only important staples of which we still make the price for the world. We have had a number of commercial dynasties in this country. But the above products are the only ones left with a semblance of sovereignty. Cotton was king for half a century. The war broke its scepter, and our monopoly of that trade was lost forever. Although we held the power to make the price, after the war, we never regained our former supremacy. Speculation in that staple was introduced, and, together with the decline in silver, it enabled England to develop cotton culture in Egypt, India and Brazil, as it has that of wheat in her colonies, until now, those countries make the price of our surplus production. During that time "Hog and Hominy" came to the front, and there were millions in provisions, of which we as absolutely made the price, for a decade after the war, as we had of cotton for fifty years before. Pork became king, and the American hog was one of the great powers in the commercial world. His products went out of this country in ship-loads to every nation of Western, Northern, Central and Southern Europe, as fast as we

could raise the hogs and cure and ship the products. But our monopoly of a trade in which Europe was almost wholly dependent upon us, bred speculation, as it did in cotton, until we compelled those countries to encourage home production, by a protective policy that shut out American pork and dethroned our second commercial king.

Germany and France have since made the price of hog products in Europe, and of our surplus. Then succeeded our monopoly of the wheat markets, and the short but brilliant reign of four years during which wheat was king and speculators ruled, ending in the present overthrow of our commercial sovereignty, founded upon our natural agricultural supremacy over the balance of the world, followed by the loss of our control of the export trade in almost every staple product of the earth. Corn and petroleum, it is true, still hold the balance of power, and can make the price of our own surplus, and of that of their single rivals, in the Danubian corn belt and in the Russian oil fields. But speculation is doing its deadly work there, as surely as it has in wheat. There was good prospect of regaining part of our lost provision trade with Europe, when the shipment of fresh meats began across the Atlantic. But cheaper rivals have already broken this prospective monopoly, as it, in turn, had broken that previously held by the farmers of Europe. The price of the surplus beef and mutton of America, and of Europe is now made by the Argentine Republic, Australia and New Zealand, between which, and Great Britain, regular lines of steamers run and supply England, and even France, with as fine and cheaper mutton and beef than any other countries in the world. Once we had a monopoly of the English markets for dairy products, and especially for cheese. But Canada has taken the control of that away, and it now makes the price of our surplus, and of that of other countries.

American wheat is now higher than a year ago, while English wheat is at the lowest point of a hundred years, because of this reduced cost of Indian wheat in English markets. This not only demonstrates that India and silver make the price of the world's surplus, but shows that America has ceased to compete for the European markets, except so far as our Pacific Coast is concerned, where speculation does not control the price. How long this strange, and perhaps abnormal, state of affairs can exist is a question. But so long as they shall continue, so long shall we mourn our inability longer to make the price for the world's surplus. There may be a radical modification of existing conditions before another crop. But whether in our favor or not depends upon the surplus of other exporting countries. So long as such surplus exists, with average prospects of the coming crop, these conditions cannot improve while our markets are held above a parity with those of the world.

So far, France and Germany have taken none of our wheat this year, although they will be compelled to import from somewhere from ten to twenty million bushels each. The same inducements will lead them to buy everywhere else rather than here, so long as the rest of the world has any surplus left, as have influenced England.

This, however, is not true of corn, in which we have still the advantage of all other countries, and make the price. We can therefore turn our attention to that as our great grain export staple, and probably to oats, with better results than to continue this unequal competition in wheat. Either this, or we must abolish option dealing and the power of speculators to make and maintain a fictitious price for our own home consumption as they are doing now.

Thus, it is seen that these agricultural and commercial revolutions of the last quarter of a century, are radically changing the products of the different countries of the world, since the introduction of steam transportation by sea and land, and of labor-saving machines on the farm. Hence, a monopoly of agricultural staples hereafter, except temporarily, on short crops, is impossible. It is the surplus that makes the price of the products of every country. The nation which can produce the cheapest, including transportation to market, makes the price for all its competitors, so long as it has a surplus itself to dispose of. It is not necessary, therefore, for a country to have either a larger crop or surplus than its rivals in order to make the price for the surplus of all. A smaller surplus, with the capacity to indefinitely increase it, at a lower cost than rivals, controls the larger. It will thus be seen that India has made the present price of wheat on a lower basis than ever known, and that she will hold it there, until some of her competitors are driven out of the field, or until a short crop.

The United States can only regain its supremacy in the export trade by cheapening the cost of production. This can be done, first, by removing the tax that speculation puts on all staples, enhancing their price; second, by discouraging silver production, which furnishes India and other silver nations with a medium of exchange, whose cheapness adds so much to the value of what they have to sell, while it takes the same amount off the value of the products of those competitors whose medium of exchange is gold.

The race for agricultural supremacy and commercial power will hereafter be to the swift and the cheap, instead of to the strong. And the survival of nations will not be of the fittest, but of the cheapest, who will henceforth make prices for the balance of the world.

H. A. PIERCE.

## FINANCIAL FACTS AND OPINIONS.

During the fiscal year ending June 30, 1885, the net amount of money drawn from the Treasury for the Navy was \$13,337,867. For the next fiscal year, beginning July 1, 1886, the present Secretary calls for appropriations of \$35,104,695, of which \$19,034,744 are for the ordinary purposes of the service. He wants \$10,503,770 for an increase of the Navy, and \$4,202,656 for finishing and arming the double-turreted monitors. If the country consents to embark in these projects, the annual naval appropriations bill will soon reach \$50,000,000, while the Secretary himself admits that nine-tenths of the money used in enlarging the Navy will certainly be thrown away, unless reforms not yet made in the organization of the department are accomplished. How far it is possible to make reforms, and whether they will ever be actually made, are questions which only the future will decide.

On the 1st of January, 1886, the cash balance in the Treasury was \$71,018,872, after deducting the amounts held for the redemption of the gold, silver, and greenback certificates; the (so-called) reserve of \$100,000,000 for the redemption of greenbacks; the total amount of all matured debt and of all interest, either due or accruing; and silver fractional coin which the present Treasury officials do not regard as cash. The general public judgment condemns this hoarding of money as altogether excessive and certainly unprecedented, and especially in view of the fact that it could be so usefully applied in paying off the \$194,190,500 of interest-bearing debt which is subject to call. The Secretary of the Treasury commenced the good work of reducing his hoards by the call for \$10,000,000, issued at the end of December, and the country hopes and believes that he will persevere in it until they are brought down to the figure which was thought sufficient by his predecessors, Sherman, Windom and Folger. It is no small reason for doing so, that a great accumulation of money in the Treasury is a direct and strong incentive to extravagant appropriations by Congress.

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During the last fiscal year the deficit in the Post Office Department was over \$7,000,000 dollars, whereas during the previous year the surplus was nearly \$2,000,000. The deficit is attributed almost entirely to the reduction of letter postage to two cents, and to raising the unit of letter postage from half an ounce to an ounce. It is likely to be partially, if not wholly, recovered from, as time goes on and as correspondence is increased by these measures.

The appropriations for the War Department by the last Congress for the current fiscal year were \$31,762,413. The present Secretary calls for \$45,204,183, the principal increase being from \$2,247,892 to \$16,465,630 in public works, including river and harbor improvements. The increase proposed in the appropriations for the regular establishments is \$1,398,158, but this does not include the cost of increasing the infantry regiments by one-fifth, in their companies and officers, which the Secretary urges.

The present Commissioner of Agriculture says, in the annual report of the bureau (November, 1885), that a large proportion—possibly one-half—of the sugar in cane, beets, sorghum, &c., has been heretofore lost in the processes of manufacture, but that the new discoveries and improvements in that particular have been of exceeding importance. Of the diffusion process recently introduced, and which is applicable to sugar-cane and to sorghum, he says that, on the trial upon sorghum of the new machinery, in Kansas, under the direction of the bureau, “the degree of the extraction was fully 98 per cent.” In respect to the beet-sugar industry, he says of the new process known as “carbonatation,” that it “entirely prevents the losses from scums, and affords a product in every way superior to that given by the old method.”

It would be a great and most opportune benefaction to the agriculture of this country, if the vast amount of sugar which we now import could be produced at home by an extension of the cultivation of the sugar-cane, and by such improvements in the modes of extracting sugar from sorghum and the beet as seem to have been made. The foreign outlet for our surplus wheat and corn is certainly diminishing, and, in respect to wheat, is threatened with being substantially cut off by the competition of other wheat-exporting countries. The substitution of domestic trade for foreign trade, wherever it is practicable, is always to be desired, and this is especially true of sugar, which is so much a necessity of life, that its home production is of the first consequence to our National independence and security.

The present Commissioner of Agriculture estimates the number of cattle to each 1,000 of the population of this country, at certain dates, as follows:

<i>Year.</i>	<i>Cattle per 1,000 of population.</i>		<i>Year.</i>	<i>Cattle per 1,000 of population.</i>
1850.....	766	....	1880.....	716
1860.....	814	....	1885.....	772
1870.....	618	....		

If these figures are correct, the gain in the fifteen years from 1870 to 1885 was 25 per cent., but the proportion of cattle to population was nevertheless not so great as it was in 1860, and only a trifle more than it was in 1850. The proportion will doubtless continue to gain, at any rate, for a considerable period; but there is no appearance of an approaching glut of beef, and buyers in the retail markets are still complaining of high prices.



At the International Monetary Conference of 1881, it was stated that the last purchase of silver by Belgium for coinage into five-franc pieces was made in February, 1876, and the London *Economist* of October 31, 1885, states that the whole Belgian coinage of five-franc pieces since 1874 has been only £1,508,000—\$7,540,000. In August 1876, the French Parliament passed a law authorizing the Cabinet to stop the coinage of silver five-franc pieces, which authority was forthwith exercised. It is true, as Cernuschi states, that it was not till 1879, when the Latin Union Treaty was first extended, that the total stoppage of that coinage was made a matter of treaty arrangement, but it had been actually stopped by the several parties to the treaty in the summer of 1876, and by some of them before that date.

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The present duty on flax is \$20 per ton, or less than 1 cent. per pound, or about  $8\frac{1}{2}$  per cent *ad valorem*. Instead of repealing it, as proposed by *doctrinaires* and some selfish manufacturers, who are infatuated by the "free raw material" theory, it should be raised and made amply protective. Our natural advantages for raising flax are not surpassed anywhere, and what we specially need now is a diversification of our agricultural industries. India, Russia, Hungary and Australia are so fiercely competing with us in wheat production, that our export must fall off largely from its former magnitude. So far as that happens, we must supply its place with other crops, and as flax is a product of the wheat latitudes, it is, in all respects, an available substitute for wheat cultivation, so far as events may make it necessary to reduce the amount of the latter.

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A London letter, of the 26th of last December, addressed to a city paper (the *Times*), gives a harrowing description of the industrial depression in Great Britain. Business in all directions is worse than it was a year ago. Nothing is said to be talked about except "the abounding misery." The cheaper things become, the less able the people become to buy them. Although the rich are being scourged by an increased income tax, the revenue is expected to decline from the falling off in the receipts from customs and excises. The writer adds:

Any day during the past fortnight one could see thousands of faint and ragged wretches prowling outside the wharves, each ready to fight the other in order to be one of a score who were admitted to a day's work for 40 cents, if a ship happened to come in.

During the five months ending on the 30th of last November, being the first five months of the current fiscal year, our imports of gold coin and bullion were \$10,728,604, and our exports, \$2,418,035, making a net import of \$8,310,569.

The depression in British industries has so diminished the customs and excise revenues that, notwithstanding an increase of \$17,000,000 from an extra two-pence in the pound imposed upon incomes, it is predicted by the London *Economist* that the deficiency in the receipts from all sources during the current British fiscal year ending March 31, will require new taxes, unless Englishmen have made up their minds to plunge still deeper into debt.

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Among the signs of the times is to be noted the presentation in Congress, on the 5th of January, of resolutions of the legislature of South Carolina in favor of the repeal of the Act of March 3, 1865, imposing a tax of 10 per cent. per annum upon all circulating notes, except those issued by the National banks. It was to that Act that the country owes its deliverance from the notes of the pestiferous State banks, by which it had been plundered and demoralized for two generations. It must be firmly maintained against all attacks, from whatever quarter they may come.

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Comparing the beginning with the ending of 1885, the general range of prices in this country was about the same, but there has been, in many things, a distinct rally of prices from the extremest point of depression, which was, in the summer of 1885. This recovery of prices during the last half of 1885 was not experienced in Europe at all, and until it is experienced there, we cannot expect any more profitable market on the other side of the Atlantic for our exported staples. European writers seem to base all their hopes of an improvement in business upon such degree of improvement as is manifested in this country. The commercial staples of South America, Africa and Asia are so unprecedentedly low in price, that those regions can buy European goods on only a restricted scale. The rise of prices in this country, small as it has been, has caused an increase in production, notably in iron and steel rails and nails, and very lately, in pig iron. It remains to be seen, how much increase of production can be sustained by increasing demands, so that a relapse in prices may be avoided.

The London *Economist*, of January 2, comments elaborately upon the movement of prices in Great Britain during the year 1885 as a whole, and during the last half it. Its conclusion as to the whole year is, that there has been a very distinct decline of prices. In thirty-five leading articles it finds that twenty-four have fallen, while only eight have risen, three remaining stationary, and that to producers the year "has brought no relief from the previous long-continued and persistent decline, but, on the contrary, has accentuated the decline." Comparing, however, the last six with the first six months of 1885, the *Economist* thinks it sees "some slight indications of improvement," and particularly in pig iron, but it adds,

in respect to the rise in that article, that it "has been largely speculative," and that "during the past few weeks, quotations have been declining." It says that prices "have been steadier" during the last half of the year, and that in the cases where there has been a fall, "it is generally less marked." Disclaiming the intention of saying that "there has been any appreciable improvement in trade," the *Economist* nevertheless thinks that the situation "encourages the hope that business is undergoing a change for the better." It is a desirable thing for everybody to keep up good courage, but it is a still more desirable thing to have some solid ground for hopefulness. England would have more of such solid ground, if it would do something to correct the enormous mistake which it made in 1844 in not then making some provision for the future increase of its paper issues in correspondence with the growth of its population and exchanges. To-day its paper issue not representing gold, now only \$150,000,000, ought to be, and might safely be, doubled, and, with an issue of £1 notes might be safely trebled. On the face of the case, as it appears at this distance, it looks as if the great object of British policy is to contract money and reduce prices. But it may be true that what is being done and left undone there, is not the result of any intelligent policy, but the mere consequence of the tendency of the English to adhere doggedly to old things.

In their comments, during December, upon Mr. Cleveland's message and the opening of Congress, the London periodicals and newspapers, with few exceptions, expressed the opinion that the Bland law would certainly be repealed. The London *Times* said that "there is absolutely nothing to be said for the Bland bill, except that it is an excellent thing for the owners of silver mines," and that "it has been from the first, merely a mine-owners' job." Without doubt, the miners of silver desire to sustain its value by having it coined into money; but the great support of its coinage is derived from the fears of debtors and producers that the suspension of it would reduce prices and make all payments more onerous. We may as well look at the case as it actually exists. It is not worth while to denounce silver coinage as "merely a mine-owners' job." All tolerably well informed persons in this country are aware that it is no such thing. It is the debtor and producing classes which constitute the chief strength of the silver party. These classes will never be persuaded to believe in the gospel of low prices, of which certain *doctrinaire* journals in this country are the apostles, and they will never be persuaded that prices measured in one metal will not be lower than if they were measured by two. But they may be persuaded that the most feasible method of restoring silver to its old status, is to suspend for the present our single-handed attempt to make it one of the moneys of the world.

A city newspaper (the *Times* of January 14) says, in respect to the silver dollars, that "the coinage of one or two more years would not necessarily drive out gold."

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The new railroad construction in the United States during 1885 aggregates 3,113 miles, or 700 miles less than in 1884. The annual average for the last ten years has been 5,476 miles. The total railroad construction at the end of 1885 was 128,500 miles. The *Railway Age* believes that during the present year there will be "a large increase of construction," as compared with 1885. The United States, with an area just about equal to that of Europe, already contains 10,000 more miles of railroad, and will steadily increase its superiority in that respect.

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The emigration to the United States and Canada in 1885 was 19,000 less from England, but 11,000 more from Ireland, than in 1884. The statement is frequently made that the tendency of the Irish to emigrate has abated, in consequence of their expectation of such changes as will give them a better chance to acquire the ownership of lands at home. Their increased emigration in 1885 does not confirm that statement. The disposition of the Irish to come to America is almost universal, and the only practical limit upon their coming seems to be the deficiency in their means of emigrating. Their political leaders deprecate this emigration as tending to dwarf the political weight of Ireland relatively to England and Scotland, and their clerical leaders deprecate it because it reduces their flocks. But their desire to emigrate is held in check very little, if it is at all, by the opposition of the classes which control them in other respects.

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The actual debt of Boston at the end of 1885, after deducting the sinking funds, was \$24,693,114, as compared with \$28,752,635 at the end of 1875. Under a law of the State of Massachusetts, passed in the previous year, all the then existing debts of cities and towns were directed to be put in a course of steady payment, but more debts have been since contracted in some of them, including Boston. Nevertheless, notwithstanding the addition of new debts, the aggregate net indebtedness of Boston, old and new, has been diminished within ten years, although, perhaps, not in proportion to the appreciation in the value of money which has been witnessed within that period.

Towards the construction of a new court-house for Suffolk County, which consists mainly of the City of Boston, a loan of \$850,000, payable in equal annual installments over a term of fifty years, was negotiated a short time ago at three per cent. interest.

Paying a debt by annual installments makes the pressure of it diminish as time goes on, whereas the effect of a sinking fund is to make the pressure of it the same at the end as at the beginning of the term for which it is contracted. Philadelphia negotiated a \$10,000 loan a few years ago, payable in annual installments over a term of twenty-five years, at four per cent., and could doubtless repeat it to-day at the three-per-cent. rate obtained by Boston.

The gross amount of the State debt of Massachusetts, January 1, 1886, was \$31,432,680. During the year 1885 no change was made in it, but the sinking funds increased \$450,947, and aggregated \$18,182,732 on the 1st of January, 1886. The net debt was diminished, of course, to the extent of the increase of the sinking funds. Massachusetts never incurs a debt without the simultaneous establishment of a sinking fund sufficient to pay it off at maturity. All existing debts will be extinguished in no long time, and unless a new debt is created for some purpose of internal improvement, which does not now seem at all probable, the State will then have no outstanding obligations. The financial management of the State has been, in the main, a wise one. It is, however, open to some criticisms, one of them being its creation of sterling loans, which facilitates their foreign ownership, which is something in itself to be deprecated, and for which there can be no necessity in the case of a community in which loanable capital is so abundant as it is in Massachusetts.

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On the 1st of October, 1885, if none of the 2,714 National banks then in existence had deposited, for circulation, Government bonds in excess of the minimum prescribed by the law of 1882, the total amount so deposited would have been only \$80,970,423. The actual amount of bonds deposited was four times as great. It is not to be supposed that banks will continue to deposit bonds in excess of what is necessary to their operating under the National banking law, if such a deposit involves a loss, but it is easily conceivable that they may continue such a deposit when there is little or no profit from it. They may be hoping for a change of circumstances, and bankers are as much controlled as others by that *vis inertia* which induces men to let things run along in a course already established. It is a very close question whether the deposit of bonds for circulation is profitable or unprofitable, and it is probably neither in any marked and decided degree. Upon the whole, it may be expected that, as a general fact, the circulation of the banks will not be withdrawn any faster than the bonds upon which it is based are actually called for payment by the Treasury, and that is likely to be a slow process. And although

the circulation may be reduced in that way, the existence of the present number of National banks, and, indeed, of a much larger number, can be easily maintained for more than twenty years.

The Irish question has become in England, to some extent, a question of land jobbery, Irish lands being very largely owned in England, or covered by mortgages to English money-lenders. The struggle on the part of the Englishmen who are interested is to saddle their undesirable and troublesome Irish property upon the British Government, and, of course, at inflated prices. A conspicuous British writer, Mr. Giffen, proposes to estimate the aggregate rental of Irish agricultural lands at £8,000,000, on the basis of the judicial decisions under the law passed three or four years ago at the instance of the Gladstone Cabinet. On the average, in the cases presented to the courts under that law, the pre-existing rents were reduced twenty-five per cent., but we have high authorities, among them Mr. Smith, a member of Parliament from Liverpool, for believing that, since these decisions, the fall in grain, animals, meat, and dairy produce has reduced the possible profits from Irish lands fully one-half. Disregarding this fall, or perhaps upon the idea that it is merely a temporary one, Mr. Giffen proposes to treat £8,000,000 as still being a fair estimate of Irish agricultural rents, and that the British Government shall buy out the whole mass of Irish agricultural lands at a twenty years' purchase, or for £160,000,000 in British three-per-cent. consols. The owners of the lands would jump at the chance of such a sale, but the British taxpayers will hardly be reconciled to such a purchase. The Irish will stoutly oppose it, because they know that the price to themselves, as the future buyers from the British Government, must be correspondingly high. It is notorious that not only the rents nominally charged for Irish lands, but the smaller rents actually collected, have been for a long period, far beyond any profit possible to be worked out of them by the tenants. These rents have largely come from outside sources, such as the wages of the tenants earned in England at harvest time, and the still greater sums sent to them out of the wages earned in this country by their children and other friends. What is now proposed is to capitalize rentals largely furnished in that way, into cash obtained by the sale of British consols, or into the consols themselves. We can easily see that the chief beneficiaries of such a scheme will be the English owners and mortgagees of Irish estates.

During the three years 1883-4-5, the excess of British imports over exports of gold was only £792,000, whereas the British consumption of that metal in the arts could not have been less than £7,000,000 during the same years.

The statement seems to be authentic that a leading steel manufacturer of Sheffield (England), is about to transfer his capital and business to this country, which will place him inside of our tariff lines. If we had no such lines, we should hear of no such transfers. There is no reason why, to the extent of our consumption of manufactures of flax, cotton, jute, wool, iron, and many other raw materials, their fabrication should not be compelled, by vigorous tariff regulations, to be carried on here, or why European capital and skill should not be compelled to come here on a large scale to engage in their fabrication. In feeding workmen employed here our farmers have the monopoly of supplying them, but in feeding them abroad our agricultural productions are subjected to a competition which is fast becoming ruinous. Our tariff lines, instead of being weakened, should be strengthened at all points.

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The London *Economist* of January 2 insists that the Bank of England must continue its four-per-cent. rate of discount "until it has not only checked the foreign demand for gold, but has also succeeded in attracting gold hither to replenish its depleted reserve." But, contrary to this advice, the Bank has since reduced its rate to three per cent.

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A city paper (*Evening Post* of January 16th), in its money article says that in consequence of large favorable balances of trade for several years, the United States has ceased to be a debtor country. We trust that that will be true before many years, but it is certainly not true now. We have paid off and purchased back a good many of our stocks and bonds heretofore held in Europe, but the quantity remaining there is very great. The London *Economist* said not many months since, that the quantity still held there, and principally in Great Britain, is commonly estimated at one thousand million dollars. Amsterdam is probably the largest holder, next to London. As to our Government bonds, there is no registration evidence that more than \$10,000,000 are owned abroad, but there is believed to be more or less foreign ownership in the names of American bankers. But no estimate of European holdings of our Government debt is made as high as \$100,000,000. Hundreds of millions of that debt, most fortunately for this country, were sent back and sold here at low rates, during the semi-panic which was created by the debates which preceded and attended the passage of the silver coinage law of 1878.

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The State of Missouri sold during January \$650,000 of 5-20 bonds, bearing an annual interest of  $3\frac{1}{2}$  per cent., at an average premium of 2 per cent. The debt of Missouri will be less onerous when it has all matured, so as to be refunded at the more favorable rates now prevailing and likely to prevail.

The law of 1879, which enables the holders of subsidiary silver to exchange it at the Treasury for lawful money, in sums not less than \$20, was passed upon full consideration, to prevent such silver from falling to a discount, as it actually did before the law was passed, to the injury and loss of those who were obliged to receive it in considerable quantities in the course of their business. The same mischief will manifest itself again, if the law is repealed. The banks and other corporations and persons whose position is an independent one, will refuse to receive subsidiary silver, or only in small sums, if the law is repealed. Shopkeepers will receive it, but they cannot escape loss unless they charge higher prices for the goods they sell. It is the plain duty of the Government to keep all forms of the circulation at a parity with each other, and it ought either to receive subsidiary silver without limit for all dues and taxes, which is the universal rule in Europe, or be always ready to give full tender money for it. The law of 1879 had better be let alone. To induce the National banks to more freely accept, handle and hold subsidiary silver, it may, however, be advisable to pass a law declaratory of their right to reckon such silver as a part of their legal reserves, about which there is doubt in some quarters, although it is generally assumed and acted upon.

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It is plain from the indications in Congress that the pension payments are to be greatly increased in amount. The annual increase is more likely to exceed \$50,000,000, than to fall short of it. The two political parties in Congress are running a race against each, for the soldier vote. This is a fact that we have to reckon with, when questions of reducing revenues, or of increasing the army and navy, come to be considered. We may be extravagant in some things, but not in all things, unless we make up our minds to bankrupt the Treasury, and to jeopardize the public credit by trenching upon the sinking fund.

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We think that a city paper (the *Evening Post*, of January 26) has been led into an error in supposing that the German Government has any such great sum as \$75,000,000 idly locked up in silver bullion. All that it ever had acquired, was in buying up silver coins with a view to melting them into bars for sale. When that operation was brought to a sudden halt, in May, 1879, it was believed to have some silver melted down, but not sold, but the amount has always been understood to be small, although no official statement about it has ever been made. There has been a recent increase of the German subsidiary silver coinage, to correspond with the increase of population shown by the census of 1885, and statements have been made in German newspapers that the small quantity of melted-down silver belonging to the Government was used up in that way.



## THE LATIN UNION.

The extension of the Latin Union for five years to January 1, 1891, is a matter of a good deal of consequence in its bearings upon "the battle of the standards." As we now know, all the parties, to it were really desirous that it should in some way be extended, and it was the strength of this desire that finally overcame all the difficulties of coming to an agreement. There have been statements from time to time that Italy, Switzerland and Belgium were meditating the plan of going to a gold standard, pure and simple, which would, of course, involve a sale of so much of their silver as they could not use as a subsidiary money. It was impossible, at this distance to form any confident opinion as to the accuracy of these statements when they were made, but the event has proved that there was little, or no foundation, for them. The London *Economist* has all along insisted that there was no basis for them, and that even if the treaty should not be extended, there was no one of the parties to it which was in any condition to face the loss of selling its silver money as bullion. It was obvious that the attempt to make such sale would depress, and probably very greatly, the price of silver bullion, and increase enormously the already very high value of gold.

The only difficulty which seems to have been in the way of extending the treaty, was as to the manner of liquidating the treaty if it should ever come to an end. The essential feature of the treaty was, and is, that the government of each of the countries receives for taxes the coins of all the other countries, which makes them current money everywhere within the limits of the Union. If, at the end of this treaty, either party held more of the silver coins of the other parties than they could redeem in the silver coins of such party, in what way should the surplus be provided for? France insisted that it should be in gold money of the same nominal value, although willing to agree that such redemption should be made on the easy terms of payment in five annual installments, without any interest for the first year, with interest at one per cent. per annum for the next three years, and with one and one-half per cent. interest for the last year. Belgium would not sign a treaty on that condition, until it had first made a special arrangement between itself and France, that it should redeem only one-half of its silver coins in gold, and leave France to make the best use it could of the other half, but binding itself not to legislate during five years after the termination of the treaty in such a way as to impair the value of its

silver coins; meaning thereby that it would not deprive its silver coins of the function of being a tender for all public and private debts, on which their value depends. If, however, Belgium should within five years after the expiration of the treaty change its monetary laws in that direction, it agreed in that case to redeem in gold all its silver coins held by the government of France. But Italy would not agree that France should make this stipulation with Belgium without making a similar one with itself, and to this France assented, and apparently without reluctance.

The result of the whole is, that the treaty is extended for five years, and then afterwards indefinitely, unless some one of the parties shall give notice of its abrogation, and neither Belgium nor Italy can for five years after the treaty comes to an end do anything to degrade or depreciate their silver coins, without making themselves liable to redeem immediately in gold such of their coins as may have found their way into the French Treasury. In most other respects the treaty remains as it was when first formed in 1865. The silver coins of the several countries continue to be a legal tender for all sums and for all taxes and private debts, and the holders have no claim to have them redeemed in gold, with the exception that at the end of the treaty the governments of the several countries, as between each other, have a right to such a redemption of silver coins as is above described.

The several parties agree to continue the suspension of the silver coinage which has existed since the summer of 1876, but it is provided that either of them may at any time resume its unlimited coinage without any redemption of silver in gold, except as between their respective governments; but in that case it must begin immediately to redeem in gold such of its silver coins as flow into the public treasuries of the other countries.

The situation is thus simplified to this extent, that all the silver held in the circulation of the Latin Union countries will be so held indefinitely, certainly during this generation, unless there should be some new discoveries of gold, and of sufficient magnitude to enable them to narrow their coin money to that metal alone without a further and fatal depression of prices.

Whether the Latin Union countries would now be willing to join the United States in the unlimited coinage of silver, at a common ratio to gold, and without the support of either England, or Germany, is not known. They were not willing to do that at the first international conference of 1878. At the second conference, of 1881, they may or may not have been willing to do that, but the delegates from the United States were then, as it is believed, restrained by their instructions from either proposing or agreeing to any bimetallic arrangement unless England and Germany would

both be parties to it. The instructions which controlled them have never been published. Congress has never called for them, and their publication at present may not be deemed compatible with the public interest.

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## THE PROPOSED FREE ADMISSION OF SUGAR FROM MEXICO.

I do not propose to discuss the general question of the reciprocity Treaty of Mexico, now awaiting legislative action, but to submit certain facts which seem to show that it may be wise for the House, if it shall decide to give its assent to the treaty, to accompany it with the condition that the part permitting the free importation of sugar and molasses shall be first eliminated.

Mexico is not now an important sugar country, and the interests concerned in procuring the legislation needed to make the treaty effectual, still insist, as they did when the treaty was ratified by the Senate, that a long time must elapse before it can produce sugar on any considerable scale. Thus, the *Mexican Financier*, the peculiar organ of those interests, said a few weeks ago in one of its numerous articles in favor of the treaty, that "It will require a long time to make Mexico a great sugar-producing country," and that "Mexican sugar is not produced in sufficient quantity to make its exemption [from duty] for several years to come of much importance to our trade."

There is, however, abundant evidence that the natural capacity of Mexico to produce sugar, as respects soil and climate, is extraordinarily great, and may be said to be to all practical intents unlimited.

Mr. Lambert, United States Consul at San Blas, in the State of Jalisco, on the west coast of Mexico, says in a report to the State Department, January 20, 1884:

Immediately, along the beach from here, even further north than Mazatlan, there is a belt of sandy soil, ranging from five to ten miles inland. Between that belt and the foot-hills, averaging fifteen miles in width, nearly every acre could be utilized for the immediate cultivation of cane without irrigation. . . . The Santiago River empties into the sea about ten miles north of this point. It has a very fertile valley of bottom land until it reaches the mountain passes. . . . The bottom lands of this river, added to the fifteen-mile belt before alluded to, are now producing cotton, coffee, tobacco, two crops of corn, sugar-cane and rice, to say nothing of the wild tropical fruits. It would not be an overestimate to state that within this area there are from 1,500 to 2,000 square miles of land, capable, within three years, of landing in San Francisco, or New York, the largest single-locality sugar crop of the world. I speak of its capacity only. To accomplish such a work would necessarily require the organization of syndicates and the aggregation of large

capital and labor forces. The sugar could be grown without irrigation; it contains a larger percentage of saccharine matter, than that imported from the Sandwich Islands.

Sugar is easily produced in almost every part of Mexico, where the rainfall is sufficient for agricultural purposes, as it generally is on both the Gulf of Mexico and Pacific coasts, or where irrigation is possible, as it is over large portions of the interior table lands of the country.

In another report, made in 1884, Mr. Lambert says of the State of Guadalajara, which is not far inland from San Blas, that in addition to sugar factories in the city of Guadalajara, "nearly every hacienda has its panoche house," which furnish a rude method of dealing with the sugar cane.

Of the State of New Leon, Mr. Campbell, the United States Consul at Monterey, says in his report of November 9, 1883:

Sugar-cane is grown to a great profit in any part of the State where irrigation is available. It is planted once in twelve or fifteen years. The culture of this crop, like that of corn, is very shallow and imperfect. The southern and eastern parts are best adapted to the growth of the sugar-cane, although it does well in the greater part of the State.

Elsewhere in the same report, Mr. Campbell says of New Leon that "with very little labor and care, sugar will pay from \$150 to \$250 to the acre."

In the November number, 1882, of an American review (the *International*), Romero, then and now resident in Washington, as the Minister from Mexico, published a most interesting account of its natural resources. That was before the negotiation of the reciprocity treaty with Mexico, now under consideration by the House. Romero then had no motive of prudence to restrain him from stating his real opinions as to the nearness of the date when the railroad development of Mexico would enable it to produce all the sugar the United States consumes, and it is almost unnecessary to add that the date will be still nearer, if the expansion of the production of Mexican sugar shall be still further stimulated by its admission into the United States duty free, of which good fortune to his country he could at that time have had no anticipation.

Romero says, among other things, in the article referred to:

Within a reasonable time after Mexico is in railroad communication with the United States, very likely all the sugar and coffee required by this country will be raised in Mexico.

About three-fourths of the population of Mexico, as Mr. Bigelow states, is composed of Indians. The population being 10,000,000, there would be 7,500,000 Indians. These Indians have distributed themselves over a very large area of country, and have been in a position where they raise only sufficient produce for their consumption, there being no market for their surplus. . . . As an instance of this condition of things, I will mention a fact that came under my own observation in

Loxicha, a town in the State of Oaxaca. The inhabitants of the town cultivate especially corn and sugar—corn for their food, and sugar to sell in order to provide themselves with the other necessities of life. They manufacture their sugar without any modern facilities or implements. Their mills are generally worked by hand-power, and very seldom by mules, and their utensils are generally of the rudest kind. Some of their mills are situated thirty miles away from their towns, yet they manufacture sugar and carry it that distance, either upon their shoulders or upon the backs of mules, and sell it at one cent per pound.

In support of his own statements, Romero quotes the following from a report made not long before by a committee of the Merchants of New Orleans, who have good means of knowing what the natural resources of Mexico are:

Sugar and molasses, coffee, wool, drugs, dyes, chemicals, and cotton are staples of Mexico, which she can produce almost indefinitely, if there is a market for them, and means to get to market.

Romero also quotes from a report (January 15, 1879), of the Mexican Secretary of Finance, in which it is affirmed that an "increase, as large as it is easy, in the production of Mexico," would sustain an annual export of sugar to the amount of \$50,000,000.

The truth really is, that while the great natural advantages of that country for the production of sugar, were known when the reciprocity treaty was ratified, it has only been since its ratification that there has been a development of the probability, and it may now be called a certainty, that, within a very short space of time, enormous numbers of foreign laborers may be introduced into Mexico, of exactly the description to be employed in the cultivation of tropical sugar. The supply of such laborers in China is exhaustless. Within a few weeks, the opposition of the Chinese authorities to their being transported to Mexico has been in some way overcome. It is thus only lately that it has become apparent, that with the prodigious stimulus to the cultivation of sugar in Mexico to be given by its free admission into this country, it will advance with quick and great strides. Nothing is lacking. Vast areas of land, precisely adapted to it, are obtainable at nominal prices. The climatic conditions are all favorable. The laborers are close at hand, and the capital in San Francisco, New York, and Europe, ready and eager to go into an enterprise made so inviting by the reciprocity treaty, is unbounded.

The Government of Mexico represents, and is controlled by, a small class of great landholders. The Mexican *Financier* of the 10th of October last, said:

In this country, as is well known, the land is held by a small body of persons. Out of a population of 10,000,000 or 12,000,000 inhabitants, 6,000 families own the land.

The bulk of the population is of pure Indian blood, and is held mostly in a condition of peonage. The labor obtainable from it is

not of the most effective kind, and is not so available for the severe tasking required in the season for grinding the sugar-cane as Chinese labor. The working classes have neither the intelligence nor political power to interpose any restrictions upon the introduction of Chinamen, which the owners of the great haciendas desire, and which the Government therefore favors. The law in Mexico, like that in Hawaii, Central America, Peru, and Cuba, makes contracts to labor specifically enforceable, and thereby reduces to substantial slavery the East India and China coolies who are entrapped into such engagements. By maintaining this condition of the law, and in other ways, the persons in power in Mexico facilitate the importation of servile laborers.

The San Francisco *Call* of August 23, 1885, is authority for the statement that on the 17th of September, 1884, a Mexican gentleman, resident in California, and acting as the attorney of a Mexican company (Compania Mexicana de Navigacion del Pacifico), entered into a contract with certain Chinamen in San Francisco to land in Mexico from 200 to 1,000 Chinese laborers monthly for a term of twenty-five years, and not less than 6,000 during the first year, the rate of passage money being fixed at \$55 per head. This contract fell through, temporarily, from various causes, one of them being difficulties interposed by the Government of China, which Mexican diplomacy seems to have since overcome.

A letter from San Francisco, dated September 8, 1885, and published in *Bradstreet's* of October 3, 1885, speaks of "the establishment of a direct coolie trade between Hong-Kong and the Pacific Coast of Mexico, by a line of steamers enjoying special trading privileges from the Mexican Government." The letter adds that the "pioneer steamer of this line is now on her voyage to Mexico," with "a large number of coolie laborers for plantations along the Mexican Coast."

The following confirmatory dispatch appeared in the New York press:

WASHINGTON, October 31.—The Mexican Minister here has been advised that the Mexican Government has concluded an arrangement for direct steam communication between China and three of the ports of Mexico. The line is to sail under the Chinese flag and receive a subsidy from both China and Mexico. Its chief purpose is said to be to import Chinese laborers into Mexico.

We were awakened long ago from the delusion which prevailed when the Hawaiian treaty was made, that the import of free sugar from the Sandwich Islands, for which they had little land and no labor adapted to its production, would be insignificant. China, however, soon supplied the labor, and our annual import is now approximately \$10,000,000, paying nothing to the Treasury but a good deal to Mr. Spreckles, who is in no wise blamable for his skill

and good fortune in appropriating to himself the profits which our legislation offered to everybody. There are hundreds of men in San Francisco and elsewhere, now waiting with eager expectation to emulate and surpass the glories of Spreckles on the immeasurably wider and more attractive field of Mexico.

There is a consensus of testimony that under the social conditions which have always existed in Mexico, it is practically closed against free immigrants without capital. Of Mexico, generally, Mr. Lambert, United States Consul at San Blas, said in his report of January 20, 1884 :

There is positively no field here for a poor man. The conditions of this country and people are peculiarly favorable for the employment and success of capital.

Mr. Stratton, United States Consul General to Mexico, reported in 1884 :

Individual agricultural immigrants in this country, with nothing more to rely on than their energy and industry, are not likely to improve their condition by coming here. On the other hand, organized capital, directed by practical science, may find in Mexican agriculture a varied and profitable field of enterprise.

The closure of Mexico against the laborers of this country will be complete and hermetical, if to the long-existing cheap labor of the Indian population, held in the condition of peonage there, is super-added the cheap but vastly more efficient labor of the Chinese, invited into the sugar fields of Mexico by a bounty from the Treasury of this country. To quote the language of one of the wisest, as well as oldest, Senators—Mr. Morrill, of Vermont, in a speech (January 7, 1885) upon this subject—

I do not think we shall aid Mexico by inducing outsiders to revive the age of feudal proprietors upon all her large vacant estates, nor shall we aid her by sending restless adventurers there to gratify their greed for gain.

GEO. M. WESTON.



## THE MEANING OF POLITICAL ECONOMY.

Some distinguished jurist has said, "Nothing is so necessary as strict definitions, and nothing is more dangerous," and this remark applies to the state of the science under consideration. I shall not give any reasons to show that political economy is a science; if it is, it must cover all cases at all times. To make it do so, it will be first necessary to thoroughly fix the field intended to be covered, and then fix the meaning of the terms we use while searching the field.

Looking at the great variety of definitions as given by writers of the past and present, we are confused, and unable to arrive at any conclusion. Some assert that we should not attempt to define the field, but to keep on in a hap-hazard way, and let the science gradually work out. It would appear that the experiment has been tried for centuries, and we appear to be no nearer the point now than in the sixteenth century.

To begin with, it is not subject to a definition, logically, but only to division; it is the highest concept in the line, and, like law, cannot be defined; it is a synthetical whole, and to get a clear view of it we must analyse it, and to accomplish the analysis we must first abstract all foreign matter from it.

Adam Smith said political economy, considered as a branch of the science of a statesman or legislator, proposes two distinct objects and arts; this does not meet the requirements of a science. J. B. Say defines it as a simple exposition of manner in which wealth is produced, etc.—the same objection; again, he defines it as the science of the interests of society, etc. Many other definitions have the same objection. What we want to know is what any science has to do with matter. Do we know anything of matter, except its properties? Chemists tell us that there are sixty-four elements in matter. How can we tell the difference between antimony and silica? Simply by differences in character; but as to the nature of matter, we know nothing, and can never know. If political economy is to cover everything socially, politically, mechanically, and mentally, what use have we for the other sciences? Is it to be the queen, as the old schoolman at one time called logic? I hardly think so. It has attempted to cover too much on a definition far too restricted. All matter must be abstracted from the science, for it has no more to do with matter than mathematics or logic. Suppose it investigates the production, accumulation and distribution of wealth—then chemistry, agriculture, mechanics, hydrostatics, railroads, shipping, and every class of business must be investigated as well



as common, commercial, and statute law, and, in fact, all the fields occupied already by other sciences. This at once becomes an absurdity.

The science of mathematics has nothing to do with data, except as a base to start from; it is not responsible for an error in the data. Chemistry has nothing to do with matter, but only the laws governing matter; the same holds good of all sciences; can anything more be claimed for political economy? Not if Mr. Spencer, Mr. Darwin, and Huxley and Tyndall are correct in their conclusions. Hence we must abstract matter entirely from the question; then we have the first part of the definition of political economy to be—the science of certain laws.

I will now take up some terms used by all writers, and try to fix them before finishing the discussion.

First, *Value*.—No agreement has ever been arrived at as to the meaning of this term. Nearly all our writers agree in giving it a double meaning, *i. e.*, value in use, and value in exchange, and hence confusion is the consequence. Value is a relation just the same as sound. By value in use the writers explain they mean intrinsic value, but as value means from without, in one sense, and from within in the other, we have a paradox. If one writer uses it one way, and another in a different or contradictory way, confusion is the consequence. Now, as value has nothing to do with the *matter* that may be possessed of qualities making it valuable, how can it be fixed? And yet if it is intrinsic, it must be fixed; but we all know, as a fact, that values are anything but fixed. A drug may be possessed of a virtue which is intrinsic, and, consequently, fixed, and this virtue will make the drug valuable by creating a demand for it; and this drug has undoubtedly the element of wealth, but value is the result of this combination of circumstances. Gold and silver were possessed of certain properties and qualities that made them useful for ornaments, etc., long before they were used as a medium of making payments. These uses created a demand, and, as the consequence, value naturally followed; how could there be any intrinsic value about it? They possessed virtues, characteristics and attributes that were intrinsic, and hence, through an ordinary course produced value. Value in all cases being a consequent, the expression "standard of value" becomes an absurdity, for it reduces itself to a fixed unfixity. Thus, I raise the term value to a universal concept to the exclusion of all matter, which is equal to a division of law, as given by Mr. Hamilton, *i. e.*, a universal rule. This view is held by H. D. McLeod, John B. Howe, and by A. Clément.

Next, *Wealth*.—It is pretty generally agreed that wealth lies in the absolute matter itself, but to restrict the term in this manner would be to exclude all rights, etc., which go to make up a great

body of wealth. My deduction from the best study that I can make of Blackstone is that the owner of land has no absolute ownership in the soil, or in anything that goes to make up the totality of wealth, but only a *right to the exclusive use*; this will give a universal rule. Logically, a use is a consequent depending upon the user, but matter is consequent of some power beyond man, and is something we have nothing to do with, as it places us in the presence of the unknowable. Matter and the laws governing the same were in existence before man appeared on the scene; we discover these laws, and, by obeying or disobeying, reap the consequence; but the laws pertaining to values and wealth could not come into existence, except as a consequence of the advent of man. The last set of laws cannot infringe upon the first, but must be the consequence flowing from the first, combined with man's affairs; but the latter must be universal rules as far as man is concerned. The land was here before man came, will be here when he is gone; there was a time when all land was in common—some lands are so held yet. Rights are continually changing hands, and hence the definition of wealth, as consisting of the matter itself, is erroneous, but that as consisting of rights to use will cover all cases.

Next, *Money*.—Again we find matter the basis of the definition, and this again fails to comply with a universal rule, for a vast number of things have been used "as money." The general definition is a "standard of value," but I have already reduced this term; but, without going into the same course of reasoning as with value and wealth, I will refer reader to John B. Howe's "Common Sense of Money" and "Political Economy in Use of Money," where his division of money is "a standard of valuation, purchase and payment," and the definition will be found strictly logical, I think, under the reasoning as laid down by Sir. William Hamilton in his "Logic."

Currency is another term generally not understood, not only by the people generally, but by the Supreme Court, as well. Mr. McLeod, in "Theory and Practice of Banking," and in his "Political Economy," defines it as being "any and all representations of debt." The same view is held by Mr. Daniel in "Negotiable Instruments," where he says "a bill or note made payable in currency or current funds is not negotiable, because the medium of payment is uncertain," and such was the preponderance of decisions up to that time; but since, the Supreme Court of some of the States have decided that "current funds meant money," and such a note was therefore negotiable.

I am now prepared to define the field of political economy, which is the science of the laws of value.

What has the science to do with wages, with social affairs, with the different rules of the different countries? You can't keep mechanics from desiring more wages any more than you can keep

them from throwing their wages away in a dram shop. There is no philanthropy about a science any more than about the law of gravity, or the laws of hygiene. If you attempt to jump from a tower without some mechanical contrivance to counterbalance the action of gravity, you get hurt. If we pay no attention to hygiene we pay the doctor, as a matter of course, and if we cannot disobey one law without grave consequences, how can we expect to violate any other? We cannot fit the law to the subject, but the subject must conform to the law. If there are any laws in political economy they are immutable, and if we expect to reduce this law, or these laws, to a science, we have got to see where the field is, so that the laws will cover all cases at all times. What has political economy to do with pauperism, when the whole idea of the Government seems to be to add to the list, rather than to take from it; these additions are the consequence of a violation of the laws. The world seems to think political economy, by some kind of alchemy, is to make provision for all those who do not work; for those that squander their money at the saloons, and the "lambs" who are regularly fleeced in Wall Street; that it will teach bank presidents, cashiers and tellers to be honest; that it will make everybody wealthy, and relieve all suffering; that it will make all men of equal capacities and temperaments. That is not the point; we have got to take the law and conform to it, and not be hunting for something to suit our own peculiar views. Leave philanthropy out of the question until we know under what head it comes, or work it as an art, and do not attempt to saddle it on to political economy until we first know whether it belongs there or not.

Mr. Tyndall, in his opening course of lectures, in the United States, some years since, said that a science should not be studied with regard to a certain conclusion, but rather to study it for the sake of truth, and then the consequences will naturally follow. These are not his exact words, but it gives the idea.

G. W. VOIERS.

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### OUR FUTURE MONEY.

The author of the article, "Our Future Money," fails, I think, to do exact justice to the "National bank note."

A bank note is not money—nor does it represent money, *i. e.*, coin.

The gold certificate does represent real money. The silver certificate can be made *honest*, and call for enough ounces troy to equal one hundred cents for a dollar.

The United States notes are nearly representatives of coin on deposit, and the law can be so amended as to place enough coin

with the Treasurer of the United States to make the greenback as good as gold.

Now, contrast these three forms of *representatives* of money with the bank note.

The bank note is made by persons associated under the title of "bank," doing business in money, credits, and many transactions that need not be named, with no pretence that a separate fund in coin is held for their redemption. The funds and all assets are held in common for all creditors.

How superior the quality and character of the funds in the United States Treasury. The writer begs to conjecture that the *money of the future* will be the issue by the Government—"a Government by the people and for the people"—of genuine certificates, that will carry on their *face* the fact of coin in the United States vault to honor them.

The people know well that the banks can pay coin—only when it is not wanted.

Has anybody ever given a good reason why a corporation should issue notes *not bearing interest*? Such notes are a form of taxation.

Who, beside the Government, should tax us; and who, beside the people, should have the benefit of issuing notes not bearing interest?

Finally, who, beside the Government, can be trusted to hold the coin necessary for a basis of our circulation? H.

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PERCENTAGE.—The reckoning of percentages, like the minus sign in algebra, is a constant stumbling-block to the novice. Even experienced newspaper writers often become muddled when they attempt to speak of it. The ascending scale is easy enough: Five added to twenty is a gain of 25 per cent.; given any sum of figures, the doubling of it is an addition of 100 per cent. But the moment the change is a decreasing calculation, the inexperienced mathematician betrays himself, and even the expert is apt to stumble or go astray. An advance from twenty to twenty-five is an increase of 25 per cent., but the reverse of this, that is, a decline from twenty-five to twenty, is a decrease of only 20 per cent. There are many persons, otherwise intelligent, who cannot see why the reduction of one hundred to fifty is not a decrease of 100 per cent. if an advance from fifty to one hundred is an increase of 100 per cent. The other day an article of merchandise which had been purchased at ten cents a pound was resold at thirty cents a pound, a profit of 200 per cent.; whereupon a writer, in chronicling the sale, said that at the beginning of the recent depression several invoices of the same class of goods, which had cost over thirty cents per pound, had been finally sold at ten cents per pound—a loss of over 200 per cent. ! Of course, there cannot be a loss or decrease of more than 100 per cent., because this wipes out the whole of the investment. An advance from ten to thirty is a gain of 200 per cent.; a decline from thirty to ten is a loss of only 66⅔ per cent. The New York *Sun* prides itself on the exactness and purity of its style, and indulges in frequent criticisms of its contemporaries; but in its Thursday morning's description of the great orchid sale, it affirms that "some of the highest-priced plants brought 150 per cent. less than Mrs. Morgan paid for them." Of course, if nothing was realized from them, this would only be 100 per cent. less than they cost.—*N. Y. Journal of Commerce.*

## STATE TAXATION OF NATIONAL BANKS.

The original National Currency Act of February 25, 1863, contained no provision authorizing the States to tax National banks in any manner whatever. The number of banks organized under this Act was, however, comparatively small, and the capital small, compared with the capital invested in banks organized under State laws, over which the States had full power of taxation. Much of the opposition to the National system at the time of its inception was manifested by those who regarded it as hostile to the State systems, and as a step toward the removal of one objection, at least, to the State systems becoming merged in the National, Congress seems to have regarded it as necessary to grant to the States the authority to tax National banks. At an early day the Supreme Court of the United States had held that the States had no power to impose taxes on corporations created by Congress, and the same court has since held that the States cannot impose any tax whatever on National banks without the authority of Congress. (*Williams v. Assessors*.)

The power to tax National-bank shares was granted, and the method of imposing such tax indicated by three provisos attached to section 41 of the Act of June 3, 1864, by which the original Act of February 25, 1863, was superseded. Under this law, shares of National-bank stock were made liable to assessment by State authority at the place where the bank was located, but not at a greater rate than was assessed upon other moneyed capital in the hands of individual citizens of such State, and the tax imposed was not to be at a greater rate than was imposed upon the shares of banks organized under State law. Real estate belonging to a National bank was to be taxed as other real estate was taxed.

The question that appears to have first arisen as to the proper construction of the law permitting State taxation of National-bank shares, was in regard to the exemption of United States bonds held by National banks, in arriving at the value of the shares liable to taxation. The Hon. Freeman Clarke, then Comptroller of the Currency, in his report to Congress for the year 1865, took strong ground in favor of the exemption of United States bonds held by the National banks. He claimed that unless such bonds held by a National bank were deducted from its capital in order to arrive at the value of the shares liable to taxation, the States exercised indirectly the right of taxing United States bonds, although such bonds were exempted by law from direct State taxation, and that thus bonds held by National banks were taxed, while those held by individuals were exempted. He says, in regard to the ground taken by some, that a tax on the shares was not a tax upon the securities represented by those shares; "that the position assumed by those who favor this hypothesis will be found, upon critical examination, to be fallacious, can scarcely admit of a doubt."

The point came before the United States Supreme Court for decision in *Van Allen v. Assessors* (3 Wall. 573), and it was decided by the majority of the court that a share of National-bank stock was a distinct thing from the capital of the bank, which capital may be invested in United States bonds—that the shares are property in the hands of individuals, while the corporation is the legal owner of all the property of the bank, real and personal.

The interest of the shareholder entitles him to participate in the profits of the corporation while the latter is in existence, and also upon its dissolution to receive his proportionate share of such property as may remain after the payment of its debts. It is this entire interest that Congress has left subject to taxation by the States, and not such portion as might remain were the amount invested in United States bonds deducted from capital.

The court also held in this case that a New York statute assessing shares of National banks for purposes of taxation at the same rate at which other moneyed capital was assessed, the tax not to exceed the par value of the shares, was void, because it was contrary to the provisions of the Federal law—that taxation of National bank shares was not to be at a greater rate than was imposed on State-bank shares.

The State banks in New York were not taxed on their shares, but on capital, from which the deduction of the amount invested in United States securities was allowed, while this deduction could not be made to reduce the value of National-bank shares. The question then arose in a new form. Inasmuch as the law provides that shares of National banks shall be assessed at the same rate as other moneyed capital in the hands of individual citizens, and inasmuch as United States bonds and securities are exempt in the hands of individual citizens; when the capital of National banks is invested in United States bonds, is not the State tax on their shares invalid? The United States Supreme Court, in *People v. Commissioners* (4 Wall. 244), decided that under such circumstances, the State tax on National-bank shares was valid. Under these two decisions it is apparent that no deduction can be made from the value of shares of National banks, on account of the exemption from tax of some of the assets in which their capital may be invested. This principle will apply to United States notes and to United States or other securities which may by law be exempt from taxation.

The next important case bearing on this matter, decided in the United States Supreme Court, was that of *Lionberger v. Rouse*. This turned upon the construction of that portion of the Federal law providing that the tax on National-bank shares should not be at a greater rate than was imposed on the shares of State banks. The point raised was that the State of Missouri taxed some State banks less than others. These lightly-taxed banks, holding an inconsiderable portion of the banking capital of the State, were organized under special charters, granted prior to the commencement of the National system, which the State had no power to change. There was no discrimination as between National-bank shares and those of State banks not so specially exempted. The court construed the clause of the Federal law in question to mean only that the State, as a condition to the exercise of the power to tax the shares of National banks, shall, as far as it has *the capacity*, tax in like manner the shares of banks of its own creation.

The Act of February 10, 1868, was passed to further define the place and manner of taxation of National-bank shares, amending section 41 of the Act of June 3, 1864. It may, perhaps, be regarded as superseding that section to the extent of dropping out the proviso that shares of National banks shall be taxed at a rate no greater than is imposed on the shares of State banks. This appears to be the view taken by Congress in 1873, when approving the Revised Statutes, as in those statutes this proviso is not included. Section 5219, which now embodies the law on State taxation of National-bank shares, is as follows:

SEC. 5219. Nothing herein shall prevent all the shares in any association from being included in the valuation of the personal property of the owner or holder of

such shares, in assessing taxes imposed by authority of the State within which the association is located; but the legislature of each State may determine and direct the manner and place of taxing all the shares of National banking associations located within the State, subject only to the two restrictions, that the taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State, and that the shares of any National bank association owned by non-residents of any State shall be taxed in the city or town where the bank is located, and not elsewhere. Nothing herein shall be construed to exempt the real property of associations from either State, county, or municipal taxes, to the same extent, according to its value, as other real property is taxed.

The validity of State taxation on National-bank shares, is under this section, to be determined solely by the inquiry whether it is at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens. There has, however, been great difficulty in so regulating the taxation of National-bank shares by the States as to conform strictly to the intent of this law. As a consequence, in many of the States, National-bank shares, in the assessment and collection of taxes, have, it is alleged, been in different ways subjected to severe and unjust discrimination, as compared with other moneyed capital. Some of the methods of discrimination are as follows:

(1) Differences are made in the valuation of National-bank shares for purposes of assessing taxes, as compared with the valuation of other moneyed capital for the same purpose.

(2) The individual holders of other moneyed capital have been allowed to make deductions on account of certain exemptions, such as debts owed by such individual holders, when holders of National bank shares were not permitted to deduct their debts from the value of such shares.

(3) In the different States distinctions are made in the taxation of various kinds of moneyed capital, other than National-bank shares, in the hands of individual citizens, and the standard by which the taxation of National-bank shares is to be legally measured, becomes thus confused.

Many forms of moneyed capital in the hands of individual citizens are altogether exempted by law from taxation, while National bank shares are taxed. The difficulty arises in deciding by which class of moneyed capital the tax on National-bank shares is to be guided: Whether there is to be no tax, as in case of exempted moneyed capital; a less tax, as in case of the class of moneyed capital taxed at a less rate; or a greater tax, as in case of the class of moneyed capital taxed at a greater rate.

All of these forms of discrimination have been passed on in litigation which has come before the United States Supreme Court.

In Ohio the law provided certain State boards for equalizing the taxation on real estate, on railroad capital, and on capital invested in bank shares; but there was no State board for equalizing the taxation on personal property, other than bank shares, railroad stock, or other moneyed capital. The equalization as to all other personal property assessed ceased with the county boards of equalization, but the county boards throughout the State fixed the valuation of moneyed capital for purposes of taxation at six-tenths of its real value, while the State board fixed the taxable value of bank shares at their actual cash value. The rates of taxation being the same, bank shares were discriminated against to the extent of four-tenths of their value. In New York the law permitted the deduction of just debts of an individual from his personal property, including his moneyed capital, excepting only his bank shares.

In *Pelton v. Commercial National Bank of Cleveland* (101 U. S., p. 143), and in *Cummings v. Merchants' National Bank of Toledo* (101 U. S., p. 153), the United States Supreme Court decided the question of discrimination arising under the laws of Ohio. In those cases it was held that a tax upon National-bank shares valued for taxation at a higher rate than other moneyed capital was invalid, and that upon payment of the amount justly assessable a court of equity would enjoin the collection of the residue, but that the bank must pay the portion of the taxes justly due.

In *People v. Weaver* (100 U. S., p. 539), a case arising under the New York law, the Supreme Court decided that the word *rate* in the provision of section 5,219 United States Revised Statutes, that taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individuals, applies to and *includes as well* the valuation of shares for taxation, as the rate of taxes to be imposed; and that the law of the State of New York, which permitted a party to deduct his just debts from the value of all his personal property, except his National-bank shares, was void as to the taxation of such bank shares. The case of *Evansville Bank v. Britton* (104 U. S., p. 323), arising under the law of Indiana, taxing National-bank shares, supports the same doctrine. These cases disposed of the first two forms of discriminations already mentioned, and pointed out the proper remedy to be pursued by banks in avoiding the payment of taxes illegally assessed. *Supervisors v. Stanley* (104 U. S., p. 305) decides questions arising as to the recovery of excessive taxes which have been paid by the shareholders of National banks.

Under the third class of discrimination—where doubt as to the proper taxation of National-bank shares arises from the fact that under State law a discrimination is made in taxing different classes of other moneyed capital in the hands of individual citizens—the important cases decided in the United States Supreme Court are *Lionberger v. Rouse* (9 Wall.), already mentioned; *Hepburn v. School Directors* (23 Wall., 480), and the recently decided case of *Boyer v. Boyer*. In *Lionberger v. Rouse* a discrimination was made by the State in taxing shares of banks organized under its own laws—one class of banks being taxed at a higher rate than another. At that time, as has been seen, the law in force measured the taxation of National-bank shares by the taxation of State-bank shares, and in this case the United States Supreme Court held a tax on National-bank shares to be valid which did not exceed the tax imposed upon the larger bulk of State-bank shares. In *Hepburn v. School Directors* (23 Wall., 480) it was held by the United States Supreme Court that the exemption by State law from taxation of a small portion of other moneyed capital in the hands of individual citizens was not a reason for exempting National-bank shares from taxation. In this case also it was held that shares of National banks might be taxed at an amount exceeding their par value, if their market value exceeded their par value.

In the case of *Boyer v. Boyer*, the Supreme Court decided that if the great bulk of moneyed capital in the hands of individual citizens is exempted by State law from municipal taxation, that under the law of Congress National-bank shares must be exempted also. The court says that cases will arise in which it will be difficult to determine whether the exemption of the particular part of moneyed capital in individual hands is so serious or material as to infringe the rules of substantial equality—that a proper construction of the act of Congress forces the conclusion that capital invested in National-bank shares was intended to be placed upon the same footing of substantial equality in respect



to taxation by State authority, with other moneyed capital in the hands of individual citizens, however invested. The court proceeded to say :

Upon such facts, and in view of the revenue laws of the State, it seems difficult to avoid the conclusion that, in respect of county taxation of National-bank shares there has been and is such a discrimination in favor of other moneyed capital against capital invested in such shares as is not consistent with the legislation of Congress. The exemptions in favor of other moneyed capital appear to be of such a substantial character in amount as to take the present case out of the operation of the rule that it is not absolute equality that is contemplated by the act of Congress ; a rule which rests upon the ground that exact uniformity or equality of taxation cannot in the nature of things be expected or attained under any system. But as substantial equality is attainable, and is required by the supreme law of the land, in respect of State taxation of National-bank shares, when the inequality is so palpable, as to show that the discrimination against capital invested in such shares is serious; the courts have no discretion but to interfere.

Having in view this last decision, the banks of the city of New York, after due investigation of the subject by a committee appointed for the purpose, have arrived at the conclusion that the valuation of their shares for purposes of taxation is illegal and void, for the reason that the greater portion of moneyed capital in the hands of individual citizens in the city of New York is, under the laws of that State, exempt from municipal taxation.

Suits have been brought in equity, and the bill in each case asks for an injunction from collecting any taxes from the bank or from the individual shareholders until a final hearing of the cause.

The question is frequently asked this office, whether National-bank notes in the hands of individual citizens are liable to State taxation. Section 3,707 of the Revised Statutes provides that all stocks, bonds, Treasury notes, and other obligations of the United States shall be exempt from taxation by or under State or municipal or local authority. In section 5,413, Revised Statutes, the words " obligation of the United States " is held to include National-bank currency. The question of the taxability of National-bank currency arose in the case of the *Board of Commissioners in Montgomery County v. Elston* (32 Ind. 27), and it was decided in the Supreme Court of the State that National-bank currency is not exempt from taxation by the State. The court held that the provision of law making National currency an obligation of the United States, only intended to throw around National currency the same guards against counterfeiting that were by law provided for obligations of the United States, and not to generally define National currency as an obligation of the United States.

In the case of *Horne v. Greene*, in the Supreme Court in the State of Mississippi (52 Miss. 452), it was decided that the circulating notes of National banks are not subject to State taxes. The question, therefore, still appears to be an open one.—*Comptroller Cannon's Report*.

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STATION AGENTS AND CONDUCTORS PUT UNDER BONDS —The Fitchburg Railroad Company has recently inaugurated a new system in its relations with its employees. The road was a sufferer through the acts of one of its employees not long since, and, having lost about \$20,000, it was deemed wise to guard against future loss in a similar direction. With no thought of intimating a suspicion of dishonesty on the part of its employees, the road now requires bonds of all who have the handling of its money. The 95 station agents have already been put under bonds ranging from \$300 to \$3,000 each, and this week the 42 conductors are being subjected to the same rule, bonds of \$300 being required of each. The railroad company pays all the expense attending the procuring of the bonds, one guaranty company furnishing them all.

## PRICES IN 1885.

The following able and interesting review of prices during the last year is by Mr. William M. Grosvenor, and first appeared in the *New York Tribune*. A more competent writer on the general subject of prices does not exist in the country.

The comparison of exchanges and other evidences of the volume of business, measured in amounts sold or received, with which the journals are filled at the close of a year, talk to us in unknown tongues and require an interpreter. "Exports are declining," one says; "the amount of sales to other countries in eleven months of the year was 6.6 per cent. less than in 1884." But what if the range of prices was more than 7 per cent. lower? Would it not then appear that this country had sold a larger quantity of goods in the aggregate, though obliged, in order to retain command of markets, to sell at the lower range of prices prevailing through the Western world? Again, men say, "the exchanges are an automatic record of the volume of business transacted. Outside of New York they indicate with general correctness the volume of legitimate trade, as distinguished from speculation in stocks and products. But the exchanges have been smaller than in previous years." Here are some mistaken assumptions, for there is stock speculation at Boston and Philadelphia, and some speculation in grain at Chicago, and some in oil at Pittsburgh, and in cotton at New Orleans. There is also a possibility that the exchanges outside of New York may yet prove to have been greater in 1885 than in 1884, so large have been the recent gains. But what would the comparison mean, if it were known that the range of prices in 1885 had been 5 per cent. lower than in 1884? Clearly it would prove that larger quantities of products have been bought and sold; that production in the aggregate has not diminished, as men imagine, and that consumption in the aggregate has not been restricted in this country by the poverty of the people.

It is the fact that the average of prices in 1885 was lower than in 1884, not by 5 per cent. or 7 per cent. only, but by 8.24 per cent. In January prices were but little above the lowest point of 1884, which was about November 21. Speculation in wheat, based on prospects of foreign war, and other speculations equally well grounded, raised the average during the first half of the year, though while some things went up others went down, and at the highest point, reached about May 9, the general level was scarcely 1 per cent. higher than that of January 1. But the result was increasing stagnation in trade, prostration in manufactures, and growing disheartenment. Then came a severe fall in prices, culminating about August 22. The fall between May 9 and August 22 in the general range of prices was more than 6½ per cent. This decline was the substantial basis on which a general revival of business was made possible, and if better times have come and come to stay, this fall in prices, though considered a calamity in commercial circles at the time, will have proved indeed a blessing in disguise. From August 22 to the end of October, efforts to advance prices succeeded but little. But since November 1, there has been an advance of about 4 per cent., in part because of changes incident to the season of the year, to the growing scarcity of summer products, and to changes in transportation; but in part to a substantial increase in the demand for products. The closing

prices of the year are on the whole the best since July, though about 14 per cent, below the level of January 1.

The lowest average of prices yet known is that of the year 1885. For the first time, the general level of prices for a year has fallen more than 20 per cent, below that of May, 1860. Last year, low as prices were about November 21, the higher range early in the year made the general average 84.35 compared with 100 in 1861. In 1878, prior to this year the one of lowest prices since the war, the general average was about 83 compared with 100 in 1860. But at the beginning of 1885, the average was only 79.66 against 100 in 1860, though in the early part of the year it rose to about 80.22. By August 22, it had dropped to 74.56, and after two months of slow recovery, at the end of October was only 75.35 compared with 100 in 1860. At the close in December, the average is 78.53. Thus the general average of weekly quotations for the year has been only 77.43, against 100 in 1860. This statement will have a peculiar interest to those who are just now discussing problems of currency or tariff, of internal taxation or of wages of labor, and is so important that a brief description of the method of comparison seems necessary.

Not very long ago it was thought sufficient, in comparing the prices of several articles at different times, to simply add the usual quotations of those articles after the following fashion :

	First date.		Second date.
Wheat, bushel.....	\$1 00	....	\$0 80
Corn, bushel.....	60	....	48
Cotton, lb.....	15	....	12
Wool, lb.....	30	....	24
Beef, fresh, lb.....	10	....	08
Hogs, live, lb.....	05	....	04
Hides, lb.....	25	....	20
Butter, lb.....	20	....	16
Iron, pig, ton.....	20 00	....	21 00
Lead, lb.....	05	....	04
Total .....	\$22 70	....	\$23 16

Here there was a decline of 20 per cent. in the price of every article except one, and in that one an advance of only 5 per cent., and yet, because of the large price of the quantity usually quoted, a relatively small advance in the price of iron alone drowns out of sight the greater decline in all other quotations. The result of the comparison after the old method is that one finds a general advance of more than 2 per cent., although in fact prices had fallen severely.

To avoid this error English economists, who saw that the old method rendered comparisons absolutely valueless, devised an improved method, first employed by Tooke and Newmarch in the History of Prices published in 1857, and since used by Professor Newmarch, in the *Statistical Journal*, by the London *Economist* in its comparisons to this day, and by Professor Jevons in his able pamphlet on the "Effects of the New Gold." This method consists in reckoning and adding, not the actual prices of different commodities, but the percentages of their prices at one date to those at some other date. This overcomes entirely the difficulty arising from the relative magnitude of ordinary quotations. Thus, in the example above, the ten prices on the first date would be reckoned as 100 each, and nine of the second date would be reckoned as 80 each, while the truth would be 105, so that the aggregate would be 1,000 for the first date against 825 for the second, a decline of  $17\frac{1}{2}$  per cent.

But, now, suppose that, instead of prices of a ton of iron, the actual prices of a pound of tobacco in 1860 and in 1864 were quoted, namely, 8 and 26 cents. The total cost of the ten articles would then be \$2.78 for the first date, and \$2.42 for the second, a fall of nearly 13 per cent., and

yet by the Tooke-Newmarch method there would result an apparent advance in prices. Thus, nine quotations for the second date would be reckoned at 80 each, as before, but tobacco would be 325 for the second date, if 100 at the first, so that the result would be :

	First date.		Second date.
Nine articles, as before.....	900	....	720
Tobacco.....	100	....	325
Total.....	1,000	....	1,045

Thus, the Tooke-Newmarch method would show an advance of  $4\frac{1}{2}$  per cent. in prices, notwithstanding a decline of 20 per cent. in every article except one of almost the least importance. One does not need to seek imaginary illustrations of the deceptiveness of this method. Professor Newmarch compared in the London *Economist* forty-five articles arranged in twenty-two classes, each class being reckoned as 100 at the price of 1845-50. For 1864, tobacco was reckoned in his table as 322. If there had been in every one of the remaining forty-four articles a decline of 10 per cent., the result would have been :

	1850.		1864.
Tobacco.....	100	....	322
The 21 other classes.....	2,100	....	1,890
Total.....	2,200	....	2,212

Certainly a comparison in which the exceptional scarcity of the least important article out of forty-five can entirely hide a decline of 10 per cent. in the price of the remaining forty-four can be of small practical or theoretic value. Exactly the same method was adopted by Mr. Burchard, formerly Director of the Mint, when with most praiseworthy labor in his report of 1881 he compared the prices of many articles for various dates, and among the eighty-one quoted for 1864 was "rosin 653," against 100 in 1860. Had there been a decline averaging 6 per cent. in all the remaining articles, the result would have been :

	1860.		1864.
Rosin.....	100	....	653
All other (80) articles.....	8,000	....	7,520
Total.....	8,100	....	8,173

So that Mr. Burchard would have figured out an advance in prices from 1860 to 1864 had every article in the list, save one, declined 6 per cent. Clearly it is an absolute necessity, if prices are to be compared to any useful purpose, to devise some method by which the result shall not depend entirely upon a speculative corner or an artificial scarcity in the least important article quoted—on the power of such a combination as the one now lifting the price of tobacco, or the effect of the insurrection by the Mahdi on the price of gum-arabic. It is fatal to the Tooke-Newmarch method that no decline in any article, however great that decline, can possibly balance an advance that more than doubles the price of single articles. Thus, gum-arabic advanced from 24 to 53 cents, about 121 per cent. If corn had at the same time come to have absolutely no price or value whatever, a thing impossible, the comparison by the Tooke-Newmarch method would have read thus :

	First date.		Second date.
Gum-arabic.....	100	....	221
Corn.....	100	....	nothing.
Total.....	200	....	221

The consumption of corn in 1880 was about  $13\frac{1}{2}$  bushels *per capita* for

the food of human beings and working animals, while of gum-arabic there was consumed less than a fortieth of a pound yearly for each person, and yet the result would be an advance of more than 20 per cent. in prices. This illustration brings to view the fundamental principle in the comparison of prices, namely, that any comparison which takes into account the relative importance of articles quoted in actual commerce or consumption is more valuable than any comparison which does not. It may be impossible, and it is, to ascertain exactly what quantity of many different articles is consumed in the country, but any approximation is better than no approximation. It is possible to make a measurably correct estimate from the census report, from trade reports, and from returns of foreign commerce, of the consumption of a great number of articles. To ascertain what amount of money will at different times buy these approximately known quantities of different articles, is the method which I have adopted and used for nine years past in various publications. The quantities used may not correspond absolutely with the consumption in the country, however great the care taken, but any responsible approximation to the relative importance of articles in the comparison of prices must yield a more correct result than no approximation.

It will require, not a single letter but an entire book, which, with quotations covering more than half a century, may ere long be published, to set forth in detail the basis of comparison which has been used. It must suffice here to state that quotations of about 200 articles are compared since 1850, and the amount of money is ascertained which would purchase at different dates, of these various articles, quantities corresponding as closely as possible to their ascertained consumption in 1880, the date of the last census. Among the articles compared are wheat, corn, oats, rye, barley, beans, and peas, mess pork, bacon, ham, live hogs, lard, fresh beef, tallow, live sheep, poultry, butter, cheese, eggs, milk, hay, potatoes, turnips, cabbages, onions, apples, raisins, sugar (brown and crushed), molasses, coffee, tea, tobacco, whiskey, malt and hops, mackerel, codfish, salt, rice, nutmegs, cloves, pepper, cotton, print cloths and standard sheetings, wool of different qualities, blankets, carpets, flannels, leather, boots, shoes, hides, silk, India-rubber, iron (pig and bar), nails, steel rails, coal, oil (crude and refined), tin and tin plates, copper, lead, hemp, lumber, spruce and pine, oak, ash, walnut, and white wood, lath, brick, lime, turpentine, linseed oil, soap, glass, paper, white-lead and twelve other kinds of paints, fertilizers, and over fifty kinds of drugs and chemicals. Constant quantities of all the articles, proportioned, as accurately as I am able, to the quantities actually entering into consumption in 1880, could have been bought in August at the quotations on or nearest to the 22d for \$74.56, and the same quantities would have cost twenty years ago, November 1, 1865, no less than \$174.77.

A part of this change has, obviously, been due to the depreciation in value of the legal tenders, now equal to gold, but of which it took, November 1, 1865, about \$1.45% to purchase \$1 in gold. But we have no right to assume that the prices of this year measure the purchasing power of gold, rather than the prices of May 16, 1882, when \$106.59 was required to purchase the same quantities of the same articles that cost, in August last, \$74.56. Here has been a decline of more than \$32 in the gold price of the entire list of commodities, legal tenders having been equivalent to gold for several years prior to 1882. The sums in currency which, from data thus far obtained, appear to be equivalent in purchasing power at different periods, selected to illustrate the extremes of upward or downward movements, are given in the first column of the following table. It is proper to add that the completion of the inquiry may warrant small changes in these figures, but probably not changes of

importance. In the second column is given the price of gold, in currency, on the dates named, and in the third column the gold value of the sums in currency which appear to have had equivalent purchasing power at the different dates prior to resumption.

COST OF CONSTANT QUANTITIES OF PRODUCTS AT DIFFERENT DATES.

PRIOR TO THE WAR.			
	<i>Cost in Currency.</i>	<i>Price of Gold.</i>	<i>Cost in Gold.</i>
1860, May 1.....	\$ 100 00 ..	\$ 100 00 ..	\$ 100 00
AFTER THE WAR.			
1865, Nov. 1.....	174 77 ..	145 87 ..	119 81
1866, May 1.....	157 60 ..	125 12 ..	126 04
1866, Nov. 1.....	170 31 ..	146 25 ..	117 82
1871, Nov. 1.....	122 03 ..	112 00 ..	108 95
THE PANIC PERIOD.			
1872, May 1.....	137 13 ..	112 50 ..	121 81
1873, Nov. 1.....	115 14 ..	108 50 ..	106 01
1874, May 1.....	122 77 ..	112 87 ..	108 77
PREPARATION FOR RESUMPTION.			
1875, Jan. 1.....	113 01 ..	112 37 ..	100 37
1876, Oct. 1.....	97 30 ..	110 00 ..	88 45
1877, May 1.....	99 29 ..	106 75 ..	93 01
1878, May 1.....	82 09 ..	100 37 ..	81 81
1878, Oct. 18.....	77 94 ..	100 37 ..	77 65
RESUMPTION.			
1879, Nov. 1.....	93 48 ..	.... ..	....
1880, Jan. 1.....	103 42 ..	.... ..	....
1881, Jan. 1.....	95 98 ..	.... ..	....
1882, May 16.....	106 59 ..	.... ..	....
THE RECENT DECLINE.			
1883, Mar. 13.....	97 32 ..	.... ..	....
1883, Nov. 1.....	88 71 ..	.... ..	....
1884, Jan. 1.....	88 37 ..	.... ..	....
1884, Nov. 21.....	78 47 ..	.... ..	....
1885, Jan. 1.....	79 66 ..	.... ..	....
1885, May 9.....	80 22 ..	.... ..	....
1885, Aug. 22.....	74 56 ..	.... ..	....
1885, Nov. 1.....	75 35 ..	.... ..	....
1885, close.....	78 53 ..	.... ..	....

It is not only clear, from this comparison, that the prices of 1885 have been the lowest in our history for twenty-five years, but that there has been a general tendency toward lower prices. From 1866 until 1871, and again from 1872 until 1878, and again from 1882 until 1885, prices fell quite steadily. Indeed, had not the short crop of 1881 caused a temporary advance in the spring of 1882, the range of January, 1880, would have been the highest of the later period, and it might have been said that the present era of declining prices had continued, with little intermission, for six years. None will fail to observe how swift and sharp the advances have been—about 12 per cent. from November, 1871, to May, 1872, and 25½ per cent. from October, 1878, to January, 1880. But these spasmodic advances, by which the general tendency downward is interrupted, only serve to make it more clear that prices have been tending irresistibly toward a lower level than that of 1860, not only during the period of paper depreciation, but since gold has been the measure of value.

Sufficient reason for some change in that direction will be found in the cheapening of transportation within the past quarter of a century, and especially within the past ten years; in the improvements in modes of

production; in the use of more effective machinery; in the accumulation and application of a larger capital, and reduction in the rate of interest. The extent of the change in price that is due to lower charges for transportation, by water as well as by land, and in nearly all parts of the world, does not seem to have been fully appreciated by students of economic problems. Great changes in price can be traced directly to this cause; far greater than to any changes in tariff, or to any changes in the relations between labor and capital, and it seems to me to be second only to paper depreciation and restoration in influence upon nominal prices.

One searches statistics in vain for evidence that tariffs or war taxes have intolerably increased the cost of living. In the presence of a decline of more than 20 per cent. in the cost of the same quantities of the same articles since 1860, it is difficult to believe that the tariff has so enhanced the cost of products as free-traders contend. Indisputable proof can be found that internal taxes have enhanced the cost of spirits, tobacco and beer. But similar proof of the enhancement of general prices by the tariff is sought in vain. Prior to the enactment of the Resumption Act, in 1875, the effects of tariffs and taxation had been comparatively hidden by the influence of a depreciated currency, which, as the table shows, had constantly caused an enhancement of prices above the gold level, from 6 to 26 per cent. since the war. Apprehensive of loss in consequence of a change in the price of gold, dealers insured themselves by charging a percentage to cover possible loss. Subjected to considerable expense and burden by reason of the fluctuating value of currency, they constantly remunerated themselves, so far as they could, by higher charges. But when the country began to go toward the specie level with fixed purpose, then it became more clear every day that the previous enhancement of prices had been due rather to the condition of the currency than to the tariff or the taxes. The discovery that phenomena which had been attributed to the tariff were, in fact, due mainly to a different cause, has had much to do with the opinion of at least one person on the tariff question.

While prices were lower in 1885 than ever before, controversies between labor and capital regarding the rate of wages have been unusually frequent. A determination of the purchasing power of money at different periods casts much light on these controversies. If it is true, as in many localities workmen claim it is, that retail prices are so high that they cannot live on wages which were ample years ago, then it is evident that, either the charges of retail dealers have unduly increased, or the wants of workmen have expanded faster than the means of supplying wants by the creation of wealth. If the trouble is with retail dealers, the customers have only themselves to thank, so long as they do not supply a remedy. When they learn that it is folly to support three times as many retail dealers as are necessary, and that they can secure lower prices by concentrating their custom upon those who sell most cheaply and honestly, they will find that wages will appear a great deal higher than they now are. But in many cases retail dealings are not in fault. It is the truth that severe competition in later years, and the extremely low prices received for products, have caused wages of some laborers to be unduly depressed. It should help both the honest workman in striving to get what is right, and the honest employer in striving to do what is right, to have clearly defined the purchasing power of the dollar in commodities generally at different periods.

Nothing has been said of the influence of partial demonetization of silver upon prices. There are some, of course, who will assume that the entire change in the purchasing power of other money has been due to this influence. These will ignore—

1. The powerful tendency toward lower prices which follows a collapse of paper inflation as night follows day.

2. The potency of all the agencies employed to insure success in resumption of specie payments.

3. The great changes in prices which are demonstrably due to reduction in cost of transportation.

4. The improvements in processes and in machinery, which reduced the cost of steel rails from \$102.50 to \$27, and the cost of cotton sheeting from 13 cents to 7 cents, and the cost of paper from 12½ cents to 4¾ cents, and the cost of refined petroleum from 23½ cents to 7 cents, with other changes by the score of like nature.

That kind of reasoning does not seem to me to promote the cause of truth. But neither can I go with those who entirely ignore the subtle influence of a change in the coin supply of the world upon those credits which constitute a great part of the machinery of purchase and exchange in modern time. How far the existence and the purchasing power of those credits has been affected, how far a commerce built upon them has been made more insecure by a narrowing of the monetary basis, are questions which should be carefully examined when international agreement on the coinage becomes possible. But examination of them is not necessary to show that this country cannot afford to continue silver coinage beyond the needs of the people, and without accord with other nations, and moreover, they are too large to be discussed at the end of a letter already long.

## LOANS AND RATES OF INTEREST.

The following table, contained in Comptroller Cannon's last report, gives the classification of the loans of the banks in the city of New York, in Boston, Philadelphia, and Baltimore, in the other reserve cities, and in the remaining banks of the country at corresponding dates in each of the last three years:

### OCTOBER 2, 1883.

<i>Classification.</i>	<i>48 banks.</i>	<i>103 banks.</i>	<i>97 banks.</i>	<i>2,253 banks.</i>	<i>2,501 banks.</i>
On U. S. bonds on demand.....	\$2,093,526	\$344,337	\$623,679	\$1,972,232	\$5,033,774
On other stocks, bonds, &c., on demand.....	94,321,605	29,638,276	23,099,682	41,518,741	188,578,304
On single-name paper without other security.....	19,147,049	24,684,110	17,259,584	87,910,589	149,001,332
All other loans.....	129,546,152	146,149,205	110,381,881	574,760,143	950,837,381
Totals.....	245,108,332	200,815,928	151,364,826	706,161,705	1,303,450,791

### SEPTEMBER 30, 1884.

<i>Classification.</i>	<i>44 banks.</i>	<i>104 banks.</i>	<i>99 banks.</i>	<i>2,417 banks.</i>	<i>2,664 banks.</i>
On U. S. bonds on demand.....	\$2,933,785	\$644,017	\$268,396	\$970,691	\$4,816,889
On other stocks, bonds, &c., on demand.....	69,805,215	25,763,605	18,573,905	34,050,829	148,193,554
On single-name paper without other security.....	12,559,441	22,458,370	16,239,550	83,816,871	135,074,232
All other loans.....	120,054,836	150,372,086	107,543,179	574,016,071	951,986,122
Totals.....	205,353,277	199,238,078	142,624,980	692,854,462	1,240,070,797



## OCTOBER 1, 1885.

Classification.	44 banks.	105 banks.	98 banks.	2,467 banks.	2,714 banks.
On U. S. bonds on demand.....	\$3,286,124	\$190,195	\$585,154	\$504,134	\$4,565,607
On other stocks, bonds, &c., on demand.....	80,687,265	33,157,319	25,421,092	34,036,931	173,302,607
On single-name paper without other security.....	25,331,820	34,806,254	18,480,233	92,873,780	171,491,087
All other loans.....	127,518,389	150,270,503	106,948,959	507,057,152	951,795,003
Totals.....	236,823,598	218,424,271	151,435,438	694,471,997	1,301,155,304

In the table below is given a full classification of the loans in New York City alone for the last five years :

	October 1, 1881.	October 3, 1882.	October 2, 1883.	September 30, 1884.	October 1, 1885.
Loans and discount.	48 banks.	50 banks.	48 banks.	44 banks.	44 banks.
On indorsed paper .....	\$112,049,004	\$118,692,651	\$121,644,201	\$116,010,062	\$114,013,775
On single-name paper.....	26,915,878	21,203,573	19,147,051	12,550,443	25,331,820
On U. S. bonds on demand .....	2,539,928	1,707,687	2,093,527	2,933,785	3,286,124
On other stocks, &c., on demand.....	97,249,162	89,532,762	94,321,605	69,805,215	80,687,265
On real-estate security .....	236,100	304,712	184,683	163,397	215,385
All other loans .....	7,747,587	7,600,487	7,717,265	3,881,175	13,289,229
Totals.....	246,757,659	239,041,892	245,108,332	205,353,277	236,823,598

In previous reports the attention of Congress has been called to the provisions of section 5,200 of the Revised Statutes, which place restrictions upon loans, and to the difficulty of enforcing the same. In cities where large amounts of produce are received and stored, it is claimed to be impossible for the banks to transact this class of business so long as they are restricted to loans to an amount not exceeding in any case one-tenth of their capital. While it is true that the limitation prescribed does not apply to loans upon produce in transit where the drafts are drawn on existing values, yet if the produce is stored instead of being shipped, loans in excess of the one-tenth limit cannot be made except in violation of law. In such a case the Comptroller has no means of enforcing the law except by bringing suit for forfeiture of charter, which might result in great embarrassment to business, as well as loss to innocent stockholders. It seems evident that the law should be so amended as to permit legitimate loans upon United States bonds, produce or warehouse receipts, and some other classes of collateral security.

#### RATES OF INTEREST IN NEW YORK CITY, AND OF THE BANK OF ENGLAND AND OF THE BANK OF FRANCE.

The average rate of interest in New York City for each of the fiscal years from 1875 to 1885, as ascertained from data derived from the *Journal of Commerce* and the *Commercial and Financial Chronicle*, was as follows :

- 1875, call loans, 3.0 per cent. ; commercial paper, 5.8 per cent.
- 1876, call loans, 3.3 per cent. ; commercial paper, 5.3 per cent.
- 1877, call loans, 3.0 per cent. ; commercial paper, 5.2 per cent.
- 1878, call loans, 4.4 per cent. ; commercial paper, 5.1 per cent.
- 1879, call loans, 4.4 per cent. ; commercial paper, 4.4 per cent.

1880, call loans, 4.9 per cent. ; commercial paper, 5.3 per cent.  
 1881, call loans, 3.8 per cent. ; commercial paper, 5.0 per cent.  
 1882, call loans, 4.4 per cent. ; commercial paper, 5.4 per cent.  
 1883, call loans, 5.7 per cent. ; commercial paper, 5.7 per cent.  
 1884, call loans, 2.4 per cent. ; commercial paper, 5.6 per cent.  
 1885, call loans, 2.3 per cent. ; commercial paper, 5.5 per cent.\*

The average rate of discount of the Bank of England for the same years, was as follows :

During the calendar year ending December 31, 1874, 3.69 per cent.  
 During the calendar year ending December 31, 1875, 3.23 per cent.  
 During the calendar year ending December 31, 1876, 2.61 per cent.  
 During the calendar year ending December 31, 1877, 2.91 per cent.  
 During the calendar year ending December 31, 1878, 3.78 per cent.  
 During the calendar year ending December 31, 1879, 2.50 per cent.  
 During the calendar year ending December 31, 1880, 2.76 per cent.  
 During the calendar year ending December 31, 1881, 3.49 per cent.†  
 During the calendar year ending December 31, 1882, 4.10 per cent.†  
 During the calendar year ending December 31, 1883, 3.57 per cent.‡  
 During the calendar year ending December 31, 1884, 3.18 per cent.§  
 From December 31, 1884, to September 30, 1885, 2 per cent.§

From December 31, 1884, the rate of discount of the Bank of England was uniform at 2 per cent. The average rate of interest in New York City for the four months previous to November 1, 1885, was, according to the *Financial Chronicle*, on call loans about 2 per cent., and on commercial paper about 4.3 per cent., and the rate of interest on October 31, 1885, was, on call loans, 2.5 per cent., and on commercial paper 4.75 per cent. The rate of discount in the Bank of France, which was lowered from 4 to 3½ per cent. on March 23, 1882, was lowered to 3 per cent. on February 23, 1883, and the general council of the bank reported on January 29, 1885, as stated in the *London Banker's Magazine*, that this rate of discount had stood since the former date, and that they had endeavored for the advantage of business to maintain the position of a fixed rate, and fortunately succeeded in doing so during the year 1884.

The number of trade bills admitted to discount in the Bank of France during the year 1884‡ was 5,144,635, representing \$907,870,300. Of this number of bills there were 14,327 bills of \$2.08 and under, 661,895 bills from \$2.29 to \$10, 905,293 bills from \$10.21 to \$20, and 3,563,120 bills above \$20; that is to say, nearly a third in bills under \$20.21. The number of trade bills under \$20 steadily increases. In 1880 there were 1,014,412 of these small discounted bills; in 1881, 1,160,945; in 1882, 1,224,326; in 1883, 1,349,270; and in 1884 they increased to 1,581,515. The report by the Governor of the Bank of France for the year 1884, states that the proportion of the discounts for retail trade in Paris has continually increased during the past year.

#### DIVIDENDS AND EARNINGS.

The large number of mercantile failures which have occurred during 1884 and 1885 have not apparently injured or weakened the National banks, the aggregate surplus funds and undivided profits having been but slightly reduced. The aggregate surplus of 2,664 banks on September 30, 1884, amounted to \$147,055,038, and the undivided profits to \$63,234,238.

At the close of business October 1, 1885, the aggregate surplus fund of 2,714 banks amounted to \$146,624,642, and the undivided profits to \$59,335,519, showing a decrease in surplus of \$430,396, and in undivided profits of \$3,898,719.

The following table shows the losses of National banks from Septem-

\* From the *Financial Chronicle*. Maximum rate. † From the *Financial Chronicle* only.  
 ‡ From the *London Banker's Magazine*. § From the *London Economist*.  
 ¶ *London Banker's Magazine*, August, 1885, p. 698.

ber 1, 1880, to September 1, 1885, and the ratio of losses to the aggregate capital employed:

<i>Number of banks.</i>	<i>Ratio.</i>	<i>Losses.</i>	<i>Capital.</i>	<i>Semi-annual dividend periods.</i>
2,087	1.10	\$5,007,297	\$456,844,865	September 1, 1880, to March 1, 1881...
2,100	1.19	5,462,713	458,934,485	March 1, 1881, to September 1, 1881...
2,137	0.84	3,886,836	460,354,485	September 1, 1881, to March 1, 1882...
2,197	0.93	4,412,575	473,947,715	March 1, 1882, to September 1, 1882...
2,267	0.96	4,640,865	483,091,342	September 1, 1882, to March 1, 1883...
2,359	1.24	6,146,294	494,640,140	March 1, 1883, to September 1, 1883...
2,491	1.16	5,593,691	507,669,300	September 1, 1883, to March 1, 1884...
2,582	2.19	11,377,293	518,605,725	March 1, 1884, to September 1, 1884...
2,650	1.91	9,973,101	522,899,715	September 1, 1884, to March 1, 1885...
2,665	1.67	8,739,420	524,599,602	March 1, 1885, to September 1, 1885...

The following tables have been compiled in order that comparisons may be made between the annual dividends paid by the National banks of the United States and those paid by banks in foreign countries to their stockholders, and indicate that the average dividends and earnings of the National banks in the United States are, as a rule, less than the dividends of joint-stock banks of other countries:

<i>Number of establishments.</i>	<i>Bank.</i>	<i>Paid-up capital.</i>	<i>Rate per cent. per annum of dividend on capital.</i>
16	Bank of England.....	\$70,727,580	9 $\frac{1}{2}$
25	London and partly provincial banks..	75,096,763	14 $\frac{1}{2}$
16	Yorkshire and Northern .....	27,325,763	11 $\frac{1}{10}$
14	Lancashire and Cheshire.....	30,314,936	12 $\frac{1}{2}$
7	Midland and Eastern.....	18,667,260	13 $\frac{8}{10}$
9	Welsh and West of England.....	9,384,324	14
10	Bank of Scotland.....	6,075,000	14
	Scotch banks.....	37,917,720	12 $\frac{1}{10}$
	Bank of Ireland.....	13,458,457	12
	Irish banks.....	17,933,400	10
COLONIAL BANKS.			
24	Australasian.....	67,173,039	12 $\frac{1}{2}$
15	Canadian.....	47,332,316	7 $\frac{9}{10}$
9	Eastern.....	36,552,472	8 $\frac{8}{10}$
2	South African.....	6,561,000	10
1	West Indies.....	2,916,000	10
3	Anglo-Continental banks.....	5,603,580	5 $\frac{1}{10}$
2	Russian banks.....	20,988,009	9
	Austro-Hungarian.....	35,370,000	7 $\frac{1}{2}$
3	Austro-Hungarian banks.....	32,619,000	7 $\frac{1}{2}$
	Banque Nationale.....	9,650,000	13 $\frac{8}{10}$
3	Belgian Banks.....	10,562,066	11 $\frac{1}{10}$
	Banque de France.....	35,222,500	21 $\frac{1}{2}$
8	French banks.....	114,352,500	9 $\frac{1}{2}$
	Deutsche Reichs bank.....	28,560,000	6 $\frac{1}{2}$
6	German banks.....	52,407,600	8 $\frac{1}{2}$
	Banca Nazionale d'Italia.....	38,600,000	13 $\frac{8}{10}$
3	Italian banks.....	15,440,000	9 $\frac{1}{2}$
6	Swiss banks.....	8,202,500	6 $\frac{1}{2}$
1	Spanish bank.....	3,860,000	6
	Imperial Ottoman.....	24,300,000	8
6	Turkish banks.....	18,715,512	6 $\frac{1}{2}$

## NATIONAL BANKS IN THE UNITED STATES.

<i>Bank.</i>	<i>Paid-up capital.</i>	<i>Rate percent per annum of dividend on capital.</i>
City of Boston.....	\$50,950,000	5.5
New England States.....	115,584,370	7.1
City of New York.....	46,250,000	8.8
City of Albany.....	1,775,000	9.5
City of Philadelphia.....	18,058,000	9.1
City of Pittsburgh.....	10,179,600	7.4
City of Baltimore.....	11,713,260	7.4
City of Washington.....	1,125,000	6.8
Middle States.....	83,958,888	7.7
City of New Orleans.....	3,525,000	7.9
City of Louisville.....	3,551,500	6.8
Southern States.....	35,997,850	8.1
City of Cincinnati.....	8,600,000	6.4
City of Cleveland.....	5,932,050	5
City of Chicago.....	11,150,000	9.2
City of Detroit.....	2,650,000	9.3
City of Milwaukee.....	650,000	11.4
City of St. Louis.....	3,250,000	6.3
Western States.....	95,518,000	8.8
City of San Francisco.....	1,500,000	8
Pacific States and Territories.....	11,831,000	9.4

## PERIODIC COMMERCIAL AND FINANCIAL FLUCTUATIONS CONSIDERED IN THEIR RELATION TO THE BUSINESS OF BANKING.

[ CONCLUDED FROM THE JANUARY NUMBER. ]

### III.

We have to keep in view the important fact that one of the most dangerous features of a crisis, viz., a foreign drain of bullion, is as likely to arise from an undue expenditure in speculations at home as from an undue expenditure in foreign loans or foreign undertakings, if not, indeed, even more likely. This follows, because such an expenditure causes a larger importation of food and other articles, while the production that can be exported is at such a time liable to be reduced, thus increasing the debts we owe abroad, payment of which may be required in bullion.

Before passing from the origin and course of commercial and financial crises, a word should be said as to the way in which they are usually terminated. We have seen that the agony of such a crisis consists in the danger of an extreme scarcity of available capital, and the apprehension which affects merchants and traders that it may be unobtainable when they most require it. For this scarcity there are two correctives, one natural and another artificial. The natural corrective is simply that the price of money in relation to other commodities should rise. When the rate of discount is raised, trade at home is thereby restricted, prices of all articles tend to fall, exportation is promoted, and,

the course of the foreign exchanges being thus altered, capital is attracted, instead of being sent abroad. The artificial corrective is one with which the crises of 1847, 1857 and 1866 have made us familiar, viz., a relaxation of the law that at present binds the currency within certain rigid limits.

3. We come next to the question, whether any reason can be given for the periodical recurrence of crises, or any explanation of the term of ten or eleven years.

It is, in the first place, most natural that fluctuations in the condition of trade, so great as those we are considering, should require a considerable period to complete themselves in. It has often been pointed out, and most luminously by Mr. Bagehot, that the prosperity and adversity, which alternately recur to the commerce of the country, demand a certain *time* for their full effects. The reason is that such prosperity, or its opposite, *spreads from particular industries to all industries*. As the profits of one industry are expended upon the productions of the rest, the success or failure of one affects all the rest, and if the industry first touched is a large one, the difference made to the general welfare is great. But it can only be felt gradually. It requires time to permeate the whole trade of the country, though ultimately it does permeate it. Thus if, after a time of depression, a good harvest makes agriculture prosperous, the full effect of that prosperity will only be realized after a lapse of many months, and, it may be, of some years, and *vice versa*. Therefore, it is reasonable to expect that the commercial pendulum must have a space of years in which to sweep from depression to activity and back again.

But this period of fluctuation is well defined. It is recognized as an established fact, that in ten or eleven years similar conditions recur, and a cycle appears to be completed. The body of evidence upon this point is irresistible, at least to the extent of showing that a strong tendency exists for the recurrence of crises within such a period.

The experience of the present generation in this respect, when the wave has ebbed and flowed between 1847 and 1857, 1857 and 1866, 1866 and 1878, has been only the repetition of the experience of the generation preceding, and the history of the 19th century only the reflection of that of the 18th. Professor Jevons asserts that there is more or less evidence that trade reached a maximum of activity in or about the years 1701, 1711, 1721, 1732, 1742, 1753, 1763, 1772, 1783, 1793, 1805, 1815, 1825, 1837, 1847, 1857, and 1866.

A vast amount of speculative inquiry has been expended upon this periodicity of crises, but the results remain somewhat vague. Several most able writers on the subject have agreed to ascribe it to some meteorological cause, working through the harvests of the world. A very elaborate argument has been built up by Professor Jevons connecting trade fluctuations with variations in the condition of the sun. The tenor of the argument is as follows:

Nothing affects trade so much as the productiveness of the earth. That productiveness depends very greatly, indeed most of all, upon the action of the sun. The condition of the sun is known to vary, and the period of its variations has been fixed by the latest scientific inquirers at 10.45 years. This period, either exactly or with the slightest possible divergence, corresponds with the average period of commercial fluctuations during the last two centuries. Therefore it is argued that, as "the effects of a periodically varying cause are themselves periodic, and usually go through their phases in periods of time equal to those of the cause," the sun-spot period is connected with the fluctuations of commerce as cause and effect.

Besides the general truth that trade depends on harvests, and harvests upon the sun, there is a good deal of evidence to support such a theory. It is affirmed that there is a decided tendency to decennial variation in the vintages of Europe, the noted vintages being separated from each other by intervals of ten or eleven years. Such a variation cannot well be accounted for except by periodic changes in the condition of climate. Professor Jevons confesses, on the other hand, that evidence which he had looked for cannot be found in a corresponding variation in the price of corn in Europe. But he has discovered a very remarkable table of the price of wheat at Delhi in successive years, from 1763 to 1836, in which a decennial fluctuation of scarcity and plenty is very distinctly exhibited. And his argument from this is two-fold—that the influence of the sun's variation is most distinctly felt in tropical and semi-tropical countries, causing in them abundance and famine to alternate, and that as a vast proportion of the whole population of the globe inhabit such countries, the effect of their prosperity or poverty is felt acutely in the markets of Europe. So that a relation has been, he says, justly traced between the activity of trade in Lancashire and the price of rice in India. And the conclusion is, that it is the periodic variation in the important demand from the East for English goods which mainly makes good or bad trade for us, and causes our commercial fluctuations, and that the variation in the Indian and Chinese trade is determined by the variation in the sun's condition, as affecting the harvests of those countries.

Of the accuracy of this theory the present writer cannot pretend to judge. Upon the whole, the evidence seems to point clearly to a cycle of seasons as the first determining element in the variations; further it does not seem possible yet to go with certainty. Nor does it seem entirely consistent with the facts, as far as they are known, to leave out of sight the circumstance that crises have occurred which cannot be made to correspond, in point of time, with the ten or eleven year period, or to ignore the fact that panics cannot be accounted for in any instance on purely physical grounds, that there is something mental in their nature which often makes the immediate causes or provocations of them appear disproportionately small when viewed in the light of the consequences.

#### IV.

In this paper the endeavor has been made rather to present in clear summary the knowledge that has already been gathered by able inquirers, than to break new ground. After what has been said in every part of the paper as to the real nature of commercial crises, it is not needful to point out how intimately they concern the business of banking, and how valuable to bankers a thorough knowledge of the course of these fluctuations must be. One truth that must make itself obvious in every such inquiry is the extreme delicacy of the financial machinery with which we have to do, and, therefore, the necessity for extreme care on the part of those whose success in business depends very much upon the smooth working of that machinery. The perfecting of the banking system has enabled us to dispense, to an incredible degree, with the use of actual money. We have, as it has been well said, returned to a species of barter, on the largest scale. It is wise to keep in view the fact that money, actual money, is still liable to be demanded, and that the provision of a due reserve is a first condition of safety. The ability to judge wisely of this necessity, and to foresee special occasion for adequate provision, cannot but be helped and furthered by the study of commercial fluctuations.

## WHERE PERSONAL PROPERTY SHOULD BE TAXED.

Corporeal property necessarily occupies local space. So does the paper or instrument upon which a note, bond, bill or mortgage is written. So far as such paper has intrinsic value it is tangible or corporeal property. But the instrument, considered as a means of showing what has been agreed upon between the parties to it, is not property at all, but merely evidence of the obligation therein contained. Accidental destruction of the instrument does not discharge the debt or destroy the obligation which it represents. The obligation to pay or deliver, and the correlative right to receive, constitute the debt or obligation. It is intangible property, does not occupy space, can have no actual *situs*. *Kiriland v. Hotchkiss*, 19 Am. R., 546 (42 Conn., 426); 1 Schouler on Pers. Prop., 56 *et seq.* Such property is generally recognized as a proper subject of taxation. The difficulty has been to determine where it should be taxed—whether at the residence of the creditor, or that of the debtor, or at the place where the instrument, representing the debt, may be at the date of the assessment. As, in determining the question, distinctions have been drawn from the character of the instrument representing the credit, it will be necessary to treat the various classes separately.

I. *State and Municipal Bonds*.—While some of the earlier cases were disposed to treat negotiable bonds as corporeal property, the later ones recognize them as choses in action, or intangible, personal property. 1 Schouler on P. P., 93. As a general rule, intangible property is presumed to have its *situs*, for the purposes of taxation, at the domicile of the owner. Thus, bonds of one State, owned by a resident of another, are liable to taxation in the latter, although declared to be exempt from taxation by the laws of the State which issued them. *Appeal Tax Ct. v. Patterson*, 50 Md., 354; *People v. N. Y. Tax Com'rs*, 76 N. Y., 64. But bonds sent into another State for safe keeping, and not for the purpose of evading taxation, are not taxable at the owner's domicile. *State v. Howard Co. Ct.*, 69 Mo., 454; *Valle v. Zeigler*, 20 Cent. L. J., 271; see *Poppleton v. Yamhil Co.*, 8 Or. 337. Unless there is some contract specially exempting them, a State may tax its own bonds, provided the bonds are in the State. *Champaign Co. Bk. v. Smith*, 7 O. St., 42. So, bonds of a State, left with an officer of the State, as required by its insurance laws, are taxable in the State, although they are owned by a non-resident. *People v. Home Ins. Co.*, 29 Cal. 533. Where the ordinances of a city exempted its bonds from taxation, they may be made liable to city taxation by a State statute. *Adams v. Nashville*, 95 U. S., 19; see *State v. Woodruff*, 37 N. J. L., 139. A city cannot tax its bonds when they belong to a non-resident, and are kept outside the city. *Murray v. Charleston*, 96 U. S., 462; see *Deviguier v. New Orleans*, 16 Fed. Rep. 11; *U. S. v. Erie R. Co.*, 9 Ben., 67. A statute authorizing a tax "upon the taxable property of the State" will not be construed to authorize a tax on bonds of the State. *Miller v. Wilson*, 60 Ga., 505; *Macon v. Jones*, 67 Ga., 480; see *Augusta v. Dunbar*, 50 Ga., 387; *Jackson v. Railway*, Chase's Dec., 268.

II. *Credits*.—Credits, consisting of notes, bonds, accounts, etc., are intangible property. They are proper subjects of taxation (*Burroughs on Tax*, 57; *Alabama, etc. v. Lott*, 54 Ala., 499), although in California it

seems to have been ruled otherwise. *People v. Hibernia B'k*, 21 Am. R., 704 (51 Cal., 243). But in the cases which have recognized credits as proper subjects of taxation there is a lack of uniformity as to locality where they may be taxed.

(1.) There are cases which seem to have held that a credit must be considered as having its *situs* at the debtor's residence, so as to make it taxable there. *Bridges v. Griffin*, 33 Ga., 113; *Harper v. Com'rs*, 26 Ga., 556; see *Wilson v. Mayor*, 4 E. D. Smith, 675; *Susquehanna v. Com.*, 72 Pa. St., 721. But the doctrine of those cases has been generally repudiated. Thus, where a city undertook to tax its own bonds held by a non-resident, and required its treasurer to withhold from interest due on such bonds the amount of the tax imposed, the tax was held illegal, the court saying, "Debts are not property. A non-resident creditor cannot be said to be, in virtue of a debt due to him, a holder of property in the city." *Murray v. Charleston*, 96 U. S., 432. And, in another case, the court say, "The bonds . . . are undoubtedly property; but property in the hands of the holders, not property of the obligers. So far as they are held by non-residents of the State, they are property beyond the jurisdiction of the State." *Cleveland, etc., v. Pennsylvania*, 15 Wall., 300; see, also, *City v. Dunbar*, 50 Ga., 387; *Collins v. Miller*, 43 Ga., 336; *Arraphoe Co. Com'rs v. Cutter*, 3 Col., 349; *State v. Earl*, 1 Nev., 394.

Importance has been attached to the fact that a note was made payable at a specified place, and for this reason it was held taxable at that place. *Ankeny v. Multnomah Co.*, 3 Ore. 386. That view, however, is opposed to the principle of the cases above cited, and is contrary to the conclusion reached in another case. *St. Paul v. Merritt*, 7 Minn. 258.

(2.) Another class of cases assert that credits may be taxed at the domicile of the owner without regard to the place where the instruments representing the debt or its security are kept. If the notes or other instruments are kept at the owner's residence, there could be no question about the legality of a tax upon them at that place. *Kirtland v. Hotchkiss*, 100, U. S., 491; *Johnson v. Oregon City*, 3 Ore., 13; *Hoyt v. Com'rs*, 23 N. Y., 224; *Hammersly v. Freney*, 39 Conn. 176; *Irwin v. Turner*, 47 Ga., 382; *New Orleans v. Ins. Co.*, 30 La. Ann., 876, Pt. 2; *State v. Perkins*, 24 N. J. L., 489; *Davenport v. R. R. Co.*, 12 Iowa, 593. When the instruments evidencing the indebtedness are kept in a State other than that of the owner's residence, there is more difficulty in reaching a proper solution, and the conclusions reached are not harmonious. Thus, when a citizen of Connecticut loaned his funds in Chicago, taking the notes of the borrowers, secured by deeds of trust on Chicago property for the sums loaned, he was held taxable on such notes in Connecticut, notwithstanding the notes, etc., were left with the trustee in Chicago. *Kirtland v. Hotchkiss*, 19 Am. R., 546 (42 Conn., 426). In discussing the character of a credit in that case, the court said, "It has not a visible or tangible form. The note, bond, or account, even, may be evidence of a debt, but it is not the debt itself. The specific money, when loaned and received by the borrower, is no longer the property of the creditor. . . . It is a personal right, and accompanies the person of the creditor. The right to receive is valuable, and through it an income is derived. That right may, with propriety, be taxed. The obligation to pay is a burden, and has never, to our knowledge been the subject of taxation. It seems to us, therefore, that the appropriate place to tax money at interest is where the creditor resides, and that for that purpose it may with propriety be said to be located with the creditor. That case was appealed to the Supreme Court of the United States, and the appellant there contended that it was taxing



property beyond the jurisdiction of the State, and an interference with commerce between the States; but the court disposed of the case by saying, "The creditor, it is conceded, is a permanent resident within the jurisdiction of the State imposing the tax. The debt is property in his hands. . . . That debt, although a species of intangible property, may, for the purposes of taxation, if not for all others, be regarded as situate at the domicile of the creditor. It is none the less property because its amount and maturity are set forth in a bond. That bond, wherever actually held or deposited, is only evidence of the debt, and, if destroyed, the debt—the right to demand the money loaned with the stipulated interest—remains. Nor is the debt affected, for the purposes of taxation, by the fact that it is secured by a mortgage on real estate situate in Illinois. . . . The debt then having its *situs* at the creditor's residence, both he and it are, for the purposes of taxation, within the jurisdiction of the State. It is consequently for the State to determine . . . whether such property, owned by one of its residents, shall contribute, by way of taxation, to maintain its government." *Kirtland v. Hotchkiss*, 100 U. S., 498; *S. P. Hunter v. Board, etc.*, 11 Am. R., 132 (33 Iowa, 376); and *People v. Park*, 23 Cal., 138.

On the other hand, where a citizen of Kansas sold his land in Illinois, took notes of the purchaser for the price payable at specified dates, and deposited them, together with his bond to convey upon payment of the price, in a bank in Illinois, it was held that he was not taxable in Kansas on account of the money to accrue to him on such notes; the court remarking that there was no property, tangible or intangible, in Kansas for its laws to protect. The court distinguishes the case from one "where both the owners of the notes and the notes are in the same State. *Wilcox v. Ellis*, 19 Am. R., 107 (14 Kan., 588); *Fisher v. Rush Co.*, 19 Kan., 414; *Latrobe v. Baltimore*, 19 Md., 13. In *Fisher v. Rush County* it is said that "a resident is not subject to taxation in respect to business interests beyond the State, and which the laws of the State cannot reach or protect." In New York it was held that mortgage securities in custody of one's agents, residing in other States and having authority to manage and re-invest the same, are not taxable at the owner's residence, in New York, as personal estate within that State. *People v. Smith*, 88 N. Y., 576; *People v. Gardner*, 51 Barb., 352. And, in Missouri it was held that a citizen, who had bonds of a private corporation on deposit in New York, was not taxable in Missouri on account of such bonds. *Valle v. Zeigler*, 20 Cent. L. J., 271.

(3.) Can intangible property, such as notes, etc., be taxed in a State or town where they are kept when the owner is not a resident? Does the fact that the note or other instrument is in the State or town make the credit, which it evidences, property in the State or town so as to be subject to taxation, independent of the owners' residence?

The answer to these questions seems to be that if the instruments are only temporarily in the State or city they are not liable to taxation; but if they are in an agent's hands as custodian, with authority in him to collect, re-invest, etc., then they are liable, notwithstanding the non-residence of the owner. Thus, contracts for the sale of land in the hands of agents, residing in a town, may be taxed to the agent in such town, although the owner is a non-resident. *People v. Ogdensburg*, 48 N. Y., 390. In the case just cited the court remarks: "The debts due upon these contracts are personal estate, the same as if they were due on notes and bonds; and such personal estate may be said to exist where the obligations are held. . . . If this kind of property does not exist where the obligations are held, where does it exist?" So notes, belonging to a non-resident, but in the hands of an agent in the State,

and secured by mortgage on lands in the State, are taxable in the State. *Redmond v. Rutherford, etc.*, 87 N. C. 122. So, if a non-resident loans his money in a State through an agent, who holds the notes, collects and re-lends the funds, such notes are property in the State so as to be subject to taxation. *Catlin v. Hall*, 21 Vt., 152; see *State v. St. Louis, etc.*, 47 Mo., 594. But where, on removing to another State, one left his notes and accounts in the hands of attorneys to be collected and remitted to him—and also left bonds in a bank for safe keeping—it was held that such notes, accounts and bonds were not subject to taxation in the State where kept, because the property “had not been left in this State to be invested by an agent here with some degree of permanency in business.” *Herron v. Keeran*, 26 Am. R., 87 (59 Ind. 472). To same effect, *Horsman v. Byrns*, 68 Ind., 247; *Williams v. Wayne, etc.*, 78 N. Y., 561.

(4.) While the cases generally recognize credits as proper subjects of taxation a distinction has been made between different classes of credits. In California, under a constitution which required “all property in this State to be taxed in proportion to its value” credits were held not to be property within the meaning of the constitution, and not subject to taxation, apparently because the court concluded that they were incapable of an appraisal which would be uniform with the valuation of tangible property. *People v. Hibernia Bank*, 21 Am. R., 704 (51 Cal., 243). In Massachusetts, damages due a land owner as compensation for land taken for a public street, were held not taxable until the amount was “fixed and receivable as his absolute personal estate.” *Lowell v. Street Com'rs*, 106 Mass., 540; *Arnold v. Middleton*, 41 Conn., 206. An award in favor of an individual by arbitrators on the Alabama claims, for damages sustained, does not constitute a taxable credit until an appropriation is made by Congress for the payment of the award. *Bucksport v. Woodman*, 68 Me., 33; See *Scully v. People*, 104 Ill., 349. A sum payable on a contingency is not a taxable debt until the contingency has happened. *People v. Argnello*, 37 Cal., 524; see *Smith v. Byrns*, 43 Ga., 191. An annuitant can be taxed only on the sum actually due and unpaid at the time of the assessment. *State v. Shurtz*, 41 N. J. L., 279; *State v. Shutte*, 43 N. J. L., 414; *State v. Jones*, 39 N. J. L., 650.

III. *Stocks in Corporations.*—Stock means the right an individual has to a share of the dividends which may be declared by a corporation, during its existence, and to a share of its effects, at its dissolution. It is intangible property. The stock certificate is not property, but merely evidence of the holder's rights to a portion of the assets. It resembles a chose in action; and as to taxation is governed substantially by the same rules. Having no locality, shares of stock are regarded as following the person of the owner and are taxable at his residence, whether the corporation be foreign or domestic. *Appeal Tax Ct. v. Patterson*, 50 Md., 354; *Worth v. Ashe Co. Com'rs*, 33 Am. R., 692 (82 N. C. 420); *Great Barrington v. Co. Com'rs*, 16 Pick., 572; *Dwight v. Boston*, 12 Allen, 316; *McKean v. County, etc.*, 49 Pa. St., 519; *Bradley v. Bauder*, 38 Am. R., 547 (36 O. St., 28). *Seward v. Rising Sun*, 79 Ind., 351; *Griffith v. Watson*, 19 Kan., 23; *Dyer v. Osborn*, 23 Am. R., 460 (11 R. L., 321); *Holton v. Bangor*, 23 Me., 264. And shares may be taxed to the holders notwithstanding the capital and property of the corporation is taxed to the corporation itself. *Belo v. Com'rs*, 33 Am. R., 688 (82 N. C., 415); *Cook v. Burlington*, 44 Am. R., 679 (59 Iowa, 251); *Memphis v. Ensley*, 6 Baxt., 553; *Van Allen v. Assessors*, 3 Wall., 573. Where a domestic corporation is taxed on its property, shares of stock held by citizens in the corporation will not be held liable to taxation, if the statute is susceptible of a different construction. *State v. H. & St. Jo. R. R. Co.*, 37 Mo., 265; *Savings Bk. v. Portsmouth*, 52 N. H., 17; See *Osborn v. New York, etc.*,

*Co.*, 40 Conn., 491; *Bangor, etc. v. Harris*, 22 Me., 533. Shares of stock in a National bank are taxable where the bank is situate, without regard to the residence of the owner. *Curtis v. Ward* 58 Mo., 295; *Commercial Bk. v. Mobile*, 63 Ala., 284; *Tappan v. Merchants' N. Bk.*, 19 Wall., 490; See *Laftin v. Citizens' Bk.*, 85 Ind., 341, as to taxation of real estate belonging to Nat. Bk. This result is due to the operation of our National banking laws. "The acts of Congress have made certain property taxable here, which without these acts might not be so taxable." *Providence, etc. v. Boston*, 101 Mass., 575. There are cases which seem to have asserted the right of a State to tax shares of stock in corporations created by the laws of such State, even when such shares were held by non-residents. *Paxton v. McCosh*, 12 Iowa, 527; *Baltimore v. Baltimore, etc.*, 57 Md., 31; *Pittsburgh, etc., v. Commonwealth*, 66 Pa. St., 73. That view might be sustained where the effect of the law is to tax the corporate property through the shares of the stockholders. But, if the shares be considered as property in and of themselves (not merely as evidence of property), then they cannot be taxed when held by a non-resident. State Tax on Foreign held Bonds, 15 Wall., 322; *Oliver v. Washington Mills*, 11 Allen, 268; *Worthington v. Sebastian*, 25 O. St., 1; See *Nashua, etc., v. Nashua*, 46 N. H., 389. Either the person or the property on which the tax is to be imposed must be in the jurisdiction of the State to render the tax legal. *Murray v. Charleston*, 96 U. S., 432; *Conwell v. Connersville*, 15 Ind., 150; *Strong v. O'Donnell*, 10 Philad., 575; *Union Bk. v. State*, 9 Yerger, 490.

Under the laws of New York a resident is not taxable on account of stock owned by him in a foreign corporation. *Troubridge v. Com'rs*, 4 Hun, 595; *People v. Com'rs*, 5 Hun, 200; See *Smith v. Exeter*, 37 N. H., 556.

**County Taxation.**—Whether tangible, personal property belonging to a citizen, when situate at a place other than his residence, should be taxed at his residence, or at the place where it is actually situate, must be determined in each instance by reference to the laws of the State; for some of the States have adopted the one system, while others have adopted the other; and a citation of the cases would occupy too great space. But some of the points decided will serve to illustrate general principles. Thus, where property was taken from one county to another and was assessed in both, the assessment first made was held to be the only valid one. *People v. Holliday*, 25 Cal., 300. A judgment foreclosing a mortgage is taxable in the county where the mortgagee resides, not where the mortgaged premises are situate. *People v. Eastnan*, 25 Cal., 601; *People v. Whartonby*, 38 Cal., 461; *State v. Williams*, 33 N. J. L., 77; See *State v. Runyon*, 41 N. J. L., 98. The rule would be the same although the payment of the debt depended entirely on a sale of the mortgaged premises. *State v. Jones*, 24 Minn., 251. Funds can only be assessed to an agent, who has control and management of the same, when the owner is a non-resident of the State. *Boardman v. Tompkins, etc.*, 85 N. Y., 359; *Lord v. Arnold*, 18 Barb, 104. Intangible property, such as bank stock, is not taxable at any other place than the owner's domicile, unless made so by positive enactment. *Howell v. Village, etc.*, 35 Mich, 471; *Salem I. F. v. Danvers*, 10 Mass., 511; *Conwell v. Connersville*, 15 Ind., 150; See *Ainsbury, etc. v. Ainsbury*, 17 Mass., 461.

**Municipal Taxation.**—Municipal corporations have no inherent power of taxation. They are restricted to such subjects of taxation as are authorized by their charters. *Daily v. Swope*, 47 Miss., 367; *State v. Maysville*, 12 S. C., 76; *State v. Shortridge*, 56 Mo., 126; *Vance v. Little Rock*, 30 Ark., 435; see *Logansport v. Seybold*, 59 Ind., 225. They cannot tax money or credits of their citizens unless specially authorized by their

charters. *Pullen v. Commissioners*, 68 N. C., 451. Authority to tax all property in their limits refers to property subject to manual occupation, and does not include moneys, stocks, and bonds. *Mifflintown v. Jacobs*, 69 Pa. St., 151; *Goep v. Borough*, etc., 28 Pa. St., 249; *Covington v. Powell*, 2 Metc. (Ky.), 226; *Johnson v. Lexington*, 14 B. Mon., 648; *Louisville v. Herning*, 1 Bush, 381. Where authorized by its charter, a city may tax choses in action belonging to its citizens. *Johnson v. Oregon City*, 3 Ore., 13; *Trustees v. McConnell*, 12 Ill., 138. It may tax stocks and bonds belonging to its inhabitants. *Wilson v. Alderman*, 74 N. C., 748; *Madison v. Whitney*, 21 Ind., 261. It may tax the capital of a corporation located and doing business in the city. *Mayor, etc. v. Stone-wall Ins. Co.*, 53 Ala., 570; *New Orleans v. People's Bank*, 27 La. Ann., 646. Bank stock cannot be taxed elsewhere than the owner's domicile, unless expressly authorized by statute. *Howell v. Village, etc.*, 35 Mich., 471. But money due to a non-resident on written contracts which are held by an agent in the city, was held to be taxable as personal property in the city. *People v. Ogdensburg*, 48 N. Y., 390; see *People v. Commissioners*, 59 N. Y., 40; *St. Paul v. Merritt*, 7 Minn., 258; *Bridges v. Griffin*, 33 Ga., 113. A city may tax shares of stock owned by an inhabitant, although a tax thereon has been paid in the State where the corporation is located. *Seward v. Rising Sun*, 79 Ind., 351; see *Min-turn v. Hays*, 2 Col., 590.

Tangible personal property, having an actual *situs* in a city, is taxable there for corporate purposes. *Rieman v. Shepard*, 27 Ind., 288; *Dun-leith v. Reynolds*, 53 Ill., 45; *Dillon on Mun. Corp.*, §§ 625-628. It may tax property found in its limits, although the general revenue law directs that personal property shall be assessed at the owner's residence. The general revenue law relates to State and county, not to municipal taxation. *McGregor v. State Bk.*, 12 Iowa, 79; *City, etc. v. State*, 2 Spears, 719; see *American T. Co. v. Buffalo*, 20 N. Y., 388; *Barrett v. Henderson*, 4 Bush, 255; *Hilgenburg v. Wilson*, 55 Ind., 210. Authority to tax property in its limits does not authorize a tax against a resident for property having its *situs* outside of the city. *Wilkey v. Pekin*, 19 Ill., 160; *New Albany v. Meekin*, 3 Ind., 481; *State v. Rahway*, 24 N. J. L., 56; see *Mills v. Weston*, 22 Mo., 384. Nor can a city tax a horse and carriage which a non-resident uses daily to convey him to and from his business house in the city. *City, etc. v. State*, 2 Spears, 719; see *St. Charles v. Nolle*, 51 Mo., 122; *Moore v. Fayetteville*, 80 N. C., 154. Nor can a city tax a steamboat belonging to a corporation, unless the principal office of the company is in the city. *Union S. Co. v. Buffalo*, 82 N. Y., 351; see *Pelton v. N. T. Co.*, 37 O. St., 450; *St. Louis v. Ferry Co.*, 11 Wall, 423; *Wilkey v. Pekin*, 19 Ill., 160. Cities are not, unless by charter, restricted to the same subjects of taxation as the State. *Orange, etc. Co. v. Alexandria*, 17 Gratt., 176; *State v. City, etc.*, 10 Rich. L., 240; *Burroughs on Tax.*, § 131; *Dillon on Mun. Corp.*, § 611.

*Domicile*.—It is not always an easy matter to determine what is the domicile or residence of an individual within the meaning of our tax laws. And it is still more difficult where the being or entity is a corporation or co-partnership with numerous offices. The cases illustrating this topic are too numerous to be all cited.

1.—*Domicile of Persons*.—A person's domicile or residence is his home or the habitation which he has fixed in any place without a present intention of removing therefrom. 1 Am. Lead'g Cas., 706 and note; *Green v. Beckwith*, 38 Mo., 384. When one has once acquired a residence, it will be presumed to continue at the same place until a change is affirmatively shown. *Matter of Nichols*, 54 N. Y., 62; *State v. Cooper*, 36 N. J. L. 367; *Culbertson v. Floyd Co.*, 52 Ind., 361. It will continue at the old

place until he has acquired a new one or until there is satisfactory evidence of its abandonment. *Lyman v. Fiske*, 17 Pick., 231. Though he may leave his residence with the intention of never residing there again, he will remain liable to taxation there until he acquires a new one or leaves the State. *Bulckely v. Williamson*, 3 Gray, 493; *McCutcheon v. Rice Co.*, 2 McCrary, 337; *Boland v. Boston*, 42 Am. R., 424 (132 Mass., 89); see *Church v. Rowell*, 49 Me., 367. But when he has once passed out of the State for the purpose of acquiring a new home, he ceases to be subject to taxation at his old home. *Colton v. Longmeadow*, 12 Allen, 598; *Briggs v. Rochester*, 16 Gray, 337. If a person has more than one dwelling, that in which he usually sleeps is his residence. *Abington v. North Bridgewater*, 23 Pick., 170.

II. *Domicile of Corporation*.—Where the charter or certificate specifies the location of the company's office, it is conclusive as to the location of the corporation for the purposes of taxation. *Pelton v. N. T. Co.*, 37 Ohio St., 450; *Western T. Co. v. Schew*, 19 N. Y., 408; see *New Orleans v. People's Bank*, 27 La. Ann., 646. When the charter specifies no particular place as the locality of the company, the place where the governing power is located and exercised (not where the principal labor of the employees is done), is the home office, and it is to be taxed there. *Middletown, etc. v. Middletown*, 40 Conn., 65; *State v. Warford*, 37 N. J. L., 397; *People v. Oswego*, 6 Thomp. & C., 673; see *Dubuque, etc. v. Dubuque*, 17 Iowa, 120. The fact that part of the capital of a domestic corporation is invested in foreign countries does not entitle it to an exemption from taxation to the extent of such investment. *Nevada Bank v. Sedgwick*, 104 U. S., 111; *People v. Nat. Gold Bank*, 51 Cal., 508. A State may tax any foreign corporation to which it grants the privilege of doing business in the State. *Erie, etc. v. Pennsylvania*, 21 Wall., 492; *W. U. T. Co. v. Lieb*, 76 Ill., 172; *W. U. T. Co. v. Mayer*, 28 Ohio St., 521; *Attorney-General v. B. S. M. Co.*, 99 Mass., 148. So a State or city may tax tangible property which has its *situs* in such State or city, although it is owned by a foreign corporation. *St. Louis v. Ferry Co.*, 40 Mo., 580; see *Gardiner, etc. v. Gardiner*, 5 Me., 133.

III. *Estates of Deceased Persons and Wards*.—Owing to a diversity in statutes, the decisions relating to taxation of estates in the hands of legal representatives are not consistent. In some States it is held that estates of dead persons remain taxable at the domicile of the deceased. *Stephens v. Boonville*, 34 Mo., 323; *Cornwall v. Todd*, 38 Conn., 443; *Hardy v. Yarmouth*, 6 Allen, 277; see *McDougal v. Brazil*, 83 Ind., 271; *People v. N. Y. Com'rs*, 17 Hun, 293. In others, in which the legal representative is regarded as owner, such estates are taxable at the residence of the representative. *State v. Collector*, 39 N. J. L., 79; *Gallatin v. Alexander*, 10 Lea, 478; *Cameron v. Burlington*, 56 Iowa, 320; see *State v. Matthews*, 10 Ohio St., 431. If a mortgage is specifically devised it should be assessed to the devisee. *State v. Liggelt*, 40 N. J. L., 308; see *State v. Jones*, 39 N. J. L., 650; *Wells v. Knight*, 5 Hun, 50; *Hathaway v. Fish*, 13 Allen, 267. The property of a deceased non-resident may be taxed at its actual *situs*. *State v. St. Louis Co. Ct.*, 47 Mo., 594. But a State cannot tax where the estate is in another State, and neither the executor nor anyone interested therein is domiciled in the State attempting to exercise the power. *Dallinger v. Rapallo*, 14 Fed. Rep., 32; s. c., 15 Id., 434.

Stocks, bonds, etc., belonging to infants under guardianship, should be taxed at the residence of the infants, not that of the guardian. *Kirkland v. Whately*, 4 Allen, 462; *School Directors v. Barnes*, 2 W. & S., 588; *Louisville v. Sherley*, 80 Ky., 71; contra, *Lousey v. Bell*, 23 Ind., 423. The guardian may change the residence of the ward so as to subject him to taxation at his new residence. *Mason v. Thurber*, 1 R. I., 481.

IV. *Trustees*.—In the absence of a statute prescribing where a trust estate should be listed for taxation, the law would regard the trustee as owner and tax it at his domicile. *Latrobe v. Baltimore*, 19 Md., 13; *Green v. Mumford*, 4 R. I., 313; see *Cornwall v. Todd*, 38 Conn., 443; *People v. Albany*, 40 N. Y., 154. If the title of the trust property is vested in two trustees, and but one of them resides in a particular city or county, it should only tax one-half the trust property. *Appeal Tax Ct. v. Gill*, 50 Md., 377; *Baltimore v. Stirling*, 29 Md., 48; *State v. Matthews*, 10 Ohio St., 431; *Stinson v. Boston*, 125 Mass., 348. Funds at interest outside of a city cannot be taxed in the city on the ground that the trustee resides in the city, when the beneficiaries are non-residents, although such funds would be subject to a State tax. *Carlisle v. Marshall*, 36 Pa. St., 397. Where shares of stock were held by trustees in one State, with directions to pay over the income to the beneficiary in another State, neither the principal nor income are taxable in the latter State. *Dorr v. Boston*, 6 Gray, 131. A court of chancery cannot be treated as trustee, and taxed on account of funds of suitors under its control. *Matter of Kilmington*, 9 Paige, 62; but see *People v. Lardner*, 30 Cal., 242. Nor are mortgages made to the chancellor for investment of funds under the control of his court taxable. *Public Schools, etc. v. Trenton*, 30 N. J. Eq. 667.

V. *Partnerships*.—Unincorporated companies are taxable as partners, not as shareholders. *Hoadley v. Co. Commissioners*, 105 Mass. 519; see 1 *Lindley on Part.*, 79; *Pomeroy Salt Co. v. Davis*, 21 Ohio St., 555. For the purposes of taxation, the firm (not its members) is the owner, and its property should be assessed in the town where it has its principal place of business, and where its business is carried on. *Hoadley v. Co. Commissioners*, 105 Mass., 519; *Little v. Cambridge*, 9 Cush, 298; *Stockwell v. Brewer*, 59 Me., 286; *Fairbanks v. Kittridge*, 24 Vt., 9; *McCoy v. Anderson*, 47 Mich., 502; *Mitchell v. Plover*, 53 Wis., 548; but see *Taylor v. Love*, 43 N. J. L., 142; *Loud v. Charleston*, 103 Mass., 278. But tangible property of the firm, located in another city, may be taxed there for city purposes. *Sels v. Cagwin*, 104 Ill., 647; see *Lee v. Templeton*, 6 Gray, 579. The entire property of the firm should be listed in the county where the business is carried on, although one partner lives in another State. *Swallow v. Thomas*, 15 Kans., 66; *Wells v. Battelle*, 11 Mass., 477. A resident partner may be taxed on account of his interest in the partnership assets in another State. *Bemis v. Boston*, 14 Allen, 366. But partnership effects cannot be taxed to one who has ceased to be a partner. *Washburn v. Walworth*, 133 Mass., 499.

CROSBY JOHNSON, in *The Central Law Journal*.

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DYNAMITE AS A MORAL AGENT.—Herr Hager, the wealthy German banker, is the most punctual man in the world, and always carries a couple of chronometers about with him. By reason of this habit he is a frequent victim to pickpockets, as not a week passes without his losing one of his watches. At first he had recourse to all kinds of safety chains; then one fine morning he took no precaution whatever, and quietly allowed himself to be robbed. At night, on returning from business, he took up the evening paper, when he uttered an exclamation of delight, and at once started off to the police station. This is what he had read: "To-day, about 2 P. M., a violent explosion took place in a house in B——street, occupied by Mr. S——, a wealthy townsman. The hands of the victim are shattered and the left eye gone." The crafty banker had filled the watch-case with dynamite, which exploded during the operation of winding. Since that time no more watches have been stolen from the person of Herr Hager.

## CORRESPONDENCE.

*To the Editor of the BANKER'S MAGAZINE.*

In another publication I have found the following question and answer :

"A bank draws a draft on its New York correspondent, payable to order of B. B indorses same in blank and sells it to C. Under the blank indorsement C indorses the draft in full to its correspondent in New York; the draft is lost in the mail, seven days after issue is presented to payor by stranger and payment made. Is not payor bank liable? Answer, No. Authority, Daniel on Neg. Inst., § 696. "If a bill or note be once indorsed in blank, though afterwards indorsed in full, it will still, as against the drawer, acceptor, maker, payee, blank indorser, and all indorsers before him, be payable to bearer, etc."

Mr. Daniels refers to *Johnson v. Mitchell*, 50 Texas, 212. This case was brought upon a note payable to bearer, and the indorsement was in full, and Mitchell was a stranger to the note and held it by delivery of the indorsee, and received judgment on the basis that the note could by no indorsement make any change or alteration in the note itself. The note having been made payable to bearer cannot be changed, for such change is a material alteration. Any indorsement affects parties to the indorsement only. The court, in the case cited, said: "According to the elementary authorities a bill or note payable to order and indorsed in blank, so long as the indorsement continues blank, is in effect payable to bearer." Quoting Ford Mansfield, "I see no difference between a note indorsed in blank and one payable to bearer." Every bank in the United States and Europe overthrows this doctrine every day; the difference is simply this: in one case draft to order, with blank indorsement, we have the power to restrict it by making it payable to ourselves, which is in strict conformity with the face of the bill; in case of a draft or check payable to bearer, we cannot restrict the payment, because, if we could do so, we would at once alter the face of the bill. Chancellor Kent said: "A note indorsed in blank and one payable to bearer are of the same nature. They go by delivery and possession passes in both cases." The same objection holds good here, for if we go one step further the similarity ceases, for I can restrict one to pay to order, but I cannot restrict the other, *i. e.*, pay to bearer.

Millions of dollars of paper are passed through the mails daily with the same blank indorsements as are mentioned in the above statement. We each and every one have the right to fill out the indorsement if in blank, but we do not do so, considering that our own indorsement in full is notice to payor that we have paid for the draft, and as it is not a custom to buy a piece of paper and then sell it again, every New York bank should be responsible for payment under such circumstances. What would the New York bank, in case under consideration, do if the indorsement of B should be a forgery? Do they pay anything to a stranger on blank indorsement? The whole case hinges on the assumption that there is no difference between a draft payable to order and indorsed in blank, and a draft payable to bearer. There is more than one difference: 1st, a draft payable to bearer

can be paid without any reference to the indorsement. 2d, the paying bank is not held responsible for any forged indorsements on draft payable to bearer; the opposite is the case with drafts to order. In the Texas case, Mitchell could have canceled all the indorsements and sued in his own name, because the note was payable to bearer, but he could not have done so in draft payable to order, except under new statute.

None of the points referred to take into consideration these ultimate differences, they consider only the points of agreement and stop.

In the above mentioned case the bank paying the draft, had fair notice that the man presenting the draft possessed no title, because they well know the custom of the banks in these remittances, which is to make full indorsements under blanks and forward. I have looked through the retired drafts of this bank for three years back, and I find three-fourths of them with this class of indorsement.

To hold the paying bank responsible under this case would not infringe upon any privilege of law, and would work a hardship on no one.

Of course, we can all protect our banks by filling up the blank indorsement, and we do this by implication when we put our full indorsement under a blank on a draft payable to order.

This matter is of vast importance, and we all transact business on the principle opposed to authorities.

G. W. VOIERS.

## BOOK NOTICES.

*The Industrial Situation and the Question of Wages: A Study in Social Physiology.* By J. SCHOENHOF. New York and London: G. P. Putnam's Sons. 1885.

In preparing this book the author has made considerable use of our consular reports, but criticises, and not unjustly, the imperfect manner in which they have often been prepared. The information thus given to us shows what these officials might do if they had the spirit and capacity. Imperfect as their work is, it is a step forward. The labor question requires, first of all, a far more thorough investigation of the facts before progress can be made toward its solution. Speculation on the subject is fruitless. Some of the most interesting and valuable chapters relate to the adulteration of silk. The author shows the effect of adulterating it, and why it is done. One reason that may be mentioned is, to counteract the influence of the American tariff. He says that "the nearest remedy against adulteration would be an abolition of duties, which would bring the pure article within the reach of the less pecunious classes who share in the annual consumption of a hundred millions of silk goods, American value, adding duties paid the Government. High duties upon the material are a premium upon adulteration at home. High duties upon fabrics are a premium upon adulteration abroad. We cannot escape from this result of our fiscal system."

The author could hardly escape from dealing with the knotty subject of prices in a work of this nature. Evidently he has studied the subject more



attentively than many who air their wisdom concerning it. He sees clearly enough that price-making is the outcome of many causes, the more prominent of which are thus specified: land and its tenure, including natural forces; production and its methods; transportation; taxation and laws; currency and money; interest and capital; and distribution and profits.

The trend and doctrine of the book are well stated in the closing paragraph: "Our labor, assisted by machinery, is so efficient and cheap now, that with free material we could advance our labor price, and still be able to undersell European labor in any of the neutral markets of the world. We could add to the yearly earnings of our toiling millions many a week's, nay, month's employment beyond that offered by our circumscribed markets at home. By opening foreign markets to the products of the toil of our workers at home, and thus increasing their earnings, we should create the most lucrative colonies that any nation has had in the history of the world."

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*England as seen by an American Banker: Notes of a Pedestrian Tour.* Boston: D. Lothrop & Company.

This book is by a person whose name is not unknown to the readers of our Magazine. It is really one of the freshest and most readable books of travel that has appeared for a long time. And for several reasons. In the first place, the writer introduces a large number of new topics, and leaves out a long list of the old, which have been served up a thousand or more times. He has a pair of discerning eyes, and is always alert for everything. After a little, the reader becomes greatly interested in following him along, and wondering what is to be seen next. One thing that helps the effect is, the order of topics. Instead of marking out a plan, and classifying and labeling, the book is without arrangement; all things are given to us, we imagine, quite in the order they were seen by the author. Lastly, no effort is made at fine writing. Yet the style, generally, is far better than in most works of this kind, because the author was an interested and highly intelligent observer of what he saw. One feels that it was a pleasure, and not an effort, for the author to thus record his opinions and observations. We are sure that this work will interest our readers—the topics not relating to banking quite as much as what is here said concerning the Bank of England and other commercial matters.

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*A Treatise on the Law of Railroads.* By H. G. WOOD. In three volumes. Boston: Charles C. Soule. 1885.

As the courts are constantly making decisions which contain new principles, or modifications of old ones, it is necessary, either to re-write the books pertaining to different branches of the law or to prepare others. Both things are done. Some works, like "Greenleaf's Evidence," stand the test of time, and by constant revision the field is kept secure. Though good books previously existed on the law of negotiable instruments, the latest, by Mr. Daniel, is so much better than its predecessors that it is likely to drive them from the field. Though other works exist relating to the law of railroads, this is so much better than the others, we imagine its superior value will soon be discovered. It is true that Rorer's work possesses considerable merit, but this is more

exhaustive, the principles are evidently stated with accuracy, and its great usefulness is apparent. As the author was formerly the attorney for a large railway company, his knowledge of the subject is something more than that of an ordinary law-book maker. The work covers a broad field, the decisions are included to the latest date, and it will doubtless prove a welcome addition to the lawyer's library.

*A History of the Insurance Company of North America, of Philadelphia.* By THOMAS H. MONTGOMERY. Philadelphia. 1885.

As we intend to give a lengthy review of this elegantly printed work in a subsequent number, we shall not say much concerning it here. The company had its origin in The Universal Tontine, which was projected in Philadelphia, in 1792. The scheme was planned by citizens of that city, including some also of Boston, "for the purpose of raising a fund upon lives, to be applied to the charitable and other uses." We are told that the plan was similar to that of The Boston Tontine Association, which eventually became the Union Bank of that city. The company has had a worthy history, and it is eminently fitting that this record should be given to the world.

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

### I. NOTARIAL RECORDS.

Being a Notary Public for the G— National Bank, I desire to ask a question on the notarial practice in protesting, and request an answer through your "Inquiries of Correspondents."

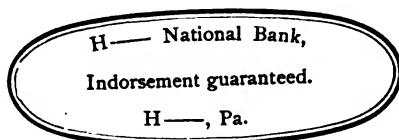
In protesting a note or check which has passed through the hands of a number of banks, each of which have indorsed on back of said note or check their stamped indorsements in some shape, as this—

"For collection and account,

"H— National Bank.

"A. B., Cashier."

And,



And,

"Pay to order of C. D.

"For collection and account,

"Y— County National Bank,

"Y—, Pa. E. D., Cashier."

and so on.

Is it the practice, and is it necessary on the protest and registered copy of same to make verbatim copy of above indorsements, or is it sufficient (as the practice has been in this region) to merely state, *indorsed by*

A. B., Cashier H— National Bank.

E. D., Cashier Y— Co. National Bank, etc. ?

If latter mode is correct, does the notary comply with the law of keeping a *full and complete* copy of protested note or check *with indorsements*? And would said copy be accepted; and could the notary swear said copy was a full and complete copy, in the courts?

REPLY.—The better practice in the keeping of notarial records is to copy the indorsements *verbatim et literatim*. Manual of Notaries and Bankers, by Wedgwood and Homans, 1867, pp. 137, 246. Daniel on Neg. Inst., § 944. And where the statutes of a State require the notary to keep a full and complete copy of the protested paper with indorsements, we should say that such indorsements as those stated in the inquiry ought to be copied in full. An indorsement "for collection and account," for example, is, in certain respects, different from a common indorsement; a special indorsement also differs from a general indorsement in blank; and, it would seem that the character of the indorsement ought to appear in the notary's copy. Whether the want of a copy of the indorsements, made *verbatim et literatim*, would render the record inadmissible in evidence in the courts may be a different question. It depends so much upon local law and upon the discretion of judges, that, in the absence of any authoritative decision known to us, we express no opinion upon it.

## II. COMPUTATION OF INTEREST ON A NOTE BEARING COMPOUND INTEREST.

A question has been discussed here a good deal that is of interest to many people, and, as I have never seen the *real* point answered in your Magazine, I submit it to you, viz.:

\$1,000.

L——, Mo., July 1st, 1880.

Five years after date I promise to pay to John Smith, or order, one thousand dollars, for value received, with 10 per cent. interest per annum thereon from date, which interest shall be due and payable annually, and if the interest thereon be not paid annually, or when due, the same shall, when due, be added to and become part of the principal, and bear interest at the same rate.

Indorsed—

One Hundred Dollars paid Dec. 1, 1880.

Fifty Dollars paid May 1st, 1881.

\$100 paid Sept. 1st, 1883.

The promissory note copied above is given, which provides for the payment of interest annually, and if not paid, to be added annually to the principal, and bear same rate of interest. The question is—When such a note is given and partial payments are made, is it correct to calculate the interest under the old United States rule of partial payments, viz., compute interest to time of payment, and add interest to principal and deduct payment, and so on? Or, should the interest be added to principal only once each year, as provided in the note. It seems to me that the note is a special contract which abrogates the old United States rule, and that you have no right to compound the interest on each payment, but only once a year, as the note provides. And, would the rule be same if the note was not paid at maturity, and partial payments were made after the note became due? This is a question on which many good business men in this country differ.

REPLY.—Our correspondent takes the view of this question which would, we think, ordinarily commend itself to a business man. In our opinion, however, the legal method of computing interest upon such a note would be this: The note provides that interest shall be paid annually, and, if not so

paid, shall be added to and become part of the "principal." This, by the contract, makes it necessary to make an annual rest each year on the day when the interest is payable. The question then is—what, in case partial payments are made in any year before the day when, by the terms of the note, interest is payable, is that "principal" to which the interest then accrued is to be added. In the absence of any agreement of the parties, we think the amount of such principal is to be calculated by applying what our correspondent calls the "old United States rule of partial payments," viz., by making another rest each time in any year, when a partial payment is made, which, either alone or added to other payments previously made, exceeds the interest accrued at the time of such payment. We do not see how, in the absence of an agreement so to do, the parties would have the right in law to adopt any other method of computation. See *BANKER'S MAGAZINE*, January, 1885, p. 545; February, 1885, p. 623. *Riney v. Hill*, 14 Mo., 500. The other question, viz., whether interest should be computed in the same manner after the maturity of the note as before, is one upon which there is such conflict of decision, that it must always depend upon the local law of the State where the question arises. The better rule is, that interest is to be computed at the contract rate until the note is paid; and this is the law of Missouri, from which State the inquiry comes to us. *Borders v. Barber*, 81 Mo. 636.

### III. PAYMENT OF A CERTIFICATE OF DEPOSIT.

We issue a certificate of deposit payable to X Y Z, which, with the indorsement X Y Z upon it, is cashed by bank A. Bank A indorses the certificate without recourse, and deposits it in bank B, another bank in the same town. Bank B indorses the certificate with stamped indorsement, and sends it to us for collection and remittance. We are not acquainted with the signature of X Y Z, and, on account of bank A's indorsing it "without recourse," we return it to bank B, and ask them to guarantee the indorsement of X Y Z, or have bank A indorse it in regular form, that is, by leaving off the words "without recourse." Bank B again returns it, with orders to pay it or protest it. I have returned it without protest, and demanded indorsement as above. I think I am correct in doing so, on the ground that I do not know the signature of X Y Z, and, from the appearance of things, I am led to think that bank A received the certificate in an irregular way, and, by its indorsement without recourse, wishes to escape liability, and that I cannot hold bank B on account of stamped indorsement.

REPLY.—The inquirer seems to have acted under a misapprehension of the law and of the rights of his bank in this case, which is quite unusual. In the first place the bank was bound to be acquainted with the signature of X Y Z, in the same sense that it is bound to know the signature of one of its ordinary depositors upon any check which may be presented for payment. *Stout v. Benoist*, 39 Mo., 277. Daniel on Neg. Insts., Vol. II., § 1,700. And if it paid the amount of the certificate to a *bona-fide* holder thereof, and the signature of X Y Z proved to be a forgery, it could not recover the money so paid. Being under this obligation in respect to the signature of X Y Z, the bank, if it had doubts as to the genuineness of the indorsement, at most had only the right to hold the certificate for a reasonable time, in order to make the necessary inquiries, after which it would become its duty to decide for itself, whether it would pay the certificate or not; and, if it decided not to pay, it should have protested the certificate and returned it to

bank B. The inquirer had certainly no right to require bank A to change its indorsement. An indorsement "without recourse" does not, in law, throw any suspicion upon the character of the paper. Daniel on Neg. Insts., Vol. I., § 700. As said by the Court of Virginia, in *Lomax v. Picot*, 2 Rand., 260, "An indorsement 'without recourse' is not out of the due course of trade. The security continues negotiable, notwithstanding such indorsement. Nor does such an indorsement indicate, in any case, that the parties to it are conscious of any defect in the security, or that the indorser does not take it on the credit of the other party or parties to the note. On the contrary, he takes it solely on their credit, and the indorser only shows thereby that he is unwilling to make himself responsible for the payment." If the inquirer supposed the indorsement of bank A, with the words "without recourse" stricken out, would be a better guarantee to his bank of the genuineness of the indorsement, he was entirely mistaken. Because it is well settled that an indorsement "without recourse" is as much a guaranty of the genuineness of previous signatures as an indorsement without those words would be. Daniel on Neg. Insts., Vol. I., § 670. But neither form of indorsement would be of any value as a guaranty to the issuing bank of the genuineness of X Y Z's indorsement, in case it should prove to be a forgery. The right of the issuing bank to recover the money paid in such a case, if any right existed, would not depend upon the form of the indorsement of bank A, and would not be against bank A at all. The right to recover would be against bank B, and the recovery would be as for money paid to bank B by mistake and without consideration, and not under any contract contained in the indorsement of bank B. See Daniel on Neg. Insts., Vol. I., § 1369, *et seq.* BANKER'S MAGAZINE, Aug., 1885, pp. 145, 146; unless bank B had added to its indorsement a special guaranty of the indorsement of X Y Z. That the inquirer had no right to call upon bank B to give a guaranty of the indorsement of X Y Z, is too plain for discussion; and that the stamped indorsement of bank B was as binding upon it as a written indorsement would have been, is equally well settled. See BANKER'S MAGAZINE, April, 1880, p. 816; August, 1883, p. 144; Oct., 1883, p. 304. We think that the position taken by bank B was entirely correct and proper.

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**SOUTH AMERICAN PROGRESS.**—There are banks in Buenos Ayres, the capital of the Argentine Republic, with capital greater than any in the United States, occupying buildings finer than any banking-house in New York, palaces of marble and glass and iron. The Provincial bank has a capital of \$33,000,000, and \$67,000,000 of deposits. The National Bank has a capital of \$20,000,000, another has \$8,000,000, and several have \$5,000,000. They have a board of trade and a stock exchange where business is conducted on the same plan as in New York or Chicago, and with as great an amount of excitement. There are more daily papers there than in New York or London, twenty-three in all, and two of the dailies are printed in the English language, one in French, one in German, and one in Italian. The rest are in Spanish. The telephone and the electric light are used quite as extensively as in the United States, and the number of instruments engaged is larger in proportion to population than in any city in the world. The Argentine University, under the patronage of the government, is one of the best in America, and ranks with Yale or Harvard in its curriculum and standard of education. It has a faculty of forty-two professors, many of them Germans, with four branches: law, engineering, and scientific, and the ordinary classical course. The library has about 60,000 volumes, representing the literature of all languages, and the museum is quite extensive.

## BANKING AND FINANCIAL ITEMS

THE NATIONAL SHOE AND LEATHER BANK has just acquired a fifty years' lease of the lot 29 by 52 on the south-west corner of Broadway and Chambers street, at an annual rental of \$11,000.

NEW NEW YORK BANKING HOUSE.—Messrs. Chrystie & Janney have established themselves to conduct a general banking business at 23 and 25 Nassau street, this city. The firm is composed of Mr. J. A. Chrystie, who has occupied for the past nine years a responsible position in the banking house of Kountze Brothers, and Mr. S. M. Janney, for some years past the able cashier of the Bank of Del Norte, Colorado. The new firm will receive deposits and consignments of bullion and deal in foreign exchange. They unite all the qualifications necessary to form successful bankers, with a large experience, and will no doubt command a degree of prosperity commensurate with their ability.

NEW YORK STATE BANKS.—The report of the Superintendent of the Banking Department recently submitted to the Legislature of New York shows that the State banks are in a flourishing condition. At the close of the year 1885 there were ninety-two of these institutions, the largest number since 1865. It is gratifying to know that among them there has been but one failure during the year. In the failure of the Atlantic State Bank, of Brooklyn, which resulted from a too intimate association with the Metropolitan National Bank, of New York, which collapsed, the depositors have all been paid in full, and the receiver states that there will be about \$40,000 for distribution to shareholders, should the courts decide that depositors are not entitled to interest from the date of the suspension of the bank.

The Superintendent, in the report now before us, recommends that all trust, loan, and mortgage companies be organized under a general law, so that their powers shall be uniform, they not being so now. Regular examinations of the banks by the Department were made for the first time last year. Before that time no inquiry was set on foot unless the Superintendent had reason to suspect that the bank was unsound. The change from the old method has worked exceedingly well. The Superintendent also deprecates strongly the practice of private banking under a corporate title, and advances some arguments that will repay perusal as will the entire report.

TREASURY DEPARTMENT BOOKKEEPING.—For several years Senator Davis, of West Virginia, availed himself of every opportunity to denounce the bookkeeping in the Treasury, and to insist that there was a deficit of \$200,000,000 in the Treasury, which occurred between 1870 and 1880, and which the officers were trying to cover up. Now General Rosecrans, a gentleman of Senator Davis's own political faith, is the register or supervising bookkeeper of the Treasury, and in his annual report he uses the following language: "In closing this report I must say that the system of keeping the public accounts is as perfect as human wisdom has been able to devise, as is evidenced by reference to the accompanying table on page 164, which shows the entire cash receipts of the Government from March, 1789, to June 30, 1885, amounted to \$21,649,805,641, and the disbursements of \$21,128,011,615 for the same period, leaving the cash balance in hand of the United States Treasurer, as per his report of June 30, 1885, of \$521,794,026, without the difference of one cent. In keeping of these vast accounts, especially during the period from 1871 to 1880, extraordinary labors were devolved upon the Treasury. Some irregular classifications of accounts occurred to which the honorable Secretary of the Treasury called the attention of Congress in his finance report of 1871 (page 20), and in subsequent reports. These irregularities were carefully scrutinized by a committee of Congress and a report made by the Senate Committee on Finance of the Forty-fourth Congress, first session, on the subject, recommending appropriate legislation. It is earnestly hoped that this subject may receive prompt attention."

— THE surplus of the Connecticut Trust and Safe Deposit Co., of Hartford, is now at the quite respectable figures of \$80,000.

**SAVINGS BANKS**—The Savings banks of the State of New York have now 1,182,298 depositors whose accounts aggregate over \$445,000,000, or about \$377 for each depositor. Those of New England have \$492,373,407 of deposits, and 1,460,185 depositors.

**SUGGESTIVE FIGURES**.—The new business written by the Equitable Life Assurance Company of New York, during 1885, foots up the enormous total of \$96,000,000. This is more than \$10,000,000 greater than was written by this company in 1884. The Equitable's surplus has increased nearly \$3,000,000 and its assets \$7,000,000.

— THE United States Treasurer now holds as security for National bank circulation \$305,282,750 bonds, of which \$3,515,000 are currency 6s. \$50,178,950 4½ per cents., \$114,591,650 4 per cents. and \$136,997,150 3 per cents. The bonds to secure \$18,312,000 public money in National bank depositories are \$120,000 currency 6s. \$1,797,000 4½ cents., \$7,608,000 4 per cents. and \$8,787,000 3 per cents.

**BANK OF THAYER, MO.**—A new bank will be opened on the 15th of February, at Thayer, Oregon County. Mr. I. I. Grafton will be cashier, and the capital will be \$50,000. Its chief correspondents will be Park National Bank, New York; the Armour Brothers Banking Co., Kansas City, and the State Savings Association of St. Louis. The safe for the Bank of Thayer is now being completed by Hall's Safe and Lock Co., Cincinnati, Ohio.

**IMPORTANT BANKING BUSINESS CHANGES**.—A prominent event in the financial world is the entrance of Mr. Thomas Baring, of the great firm of Baring Bros. & Co., of London, into the firm of Kidder, Peabody & Co., of Boston and New York, and the transfer of the entire American business of the London house to that of which Mr. Thomas Baring became a partner at the beginning of the year. The relation of the two houses is not altogether new, since the Boston agency of Messrs. Baring Bros. & Co. has been in the hands of Messrs. Kidder, Peabody & Co. for some seven years past, but the transfer of New York and all the American business to the latter firm and the association with them of Mr. Thomas Baring, who becomes a resident of New York, are incidents of note in current financial annals. The house of Kidder, Peabody & Co. was established nearly fifty years ago in Boston by John E. Thayer & Bro., who were succeeded by the present firm in 1865. A year or two after the New York branch was established. The firm consists of Mr. Henry P. Kidder, Mr. F. H. Peabody, and Mr. Oliver W. Peabody, of Boston, and Mr. George C. Magoun, of New York. The house deals exclusively in foreign exchange and commercial credits. Its business in this city has grown with great rapidity, and is probably not now exceeded by that of any other house. In Boston it stands far ahead of any other. It is known far and wide as a house of the most solid, conservative character.

The dissolution of the firm of S. G. and G. C. Ward, which took place at the close of the year, is connected with the above announcement by the fact that the Messrs. Ward were the New York agents of the Barings. Both members of the house are citizens distinguished in the higher walks of New York life, as patrons of art and directors of prominent financial, business and benevolent institutions; and in these relations as well as in that of banker and customer, they have become widely known and not less esteemed. The agency of the Barings was originally held in Boston by Captain Thomas W. Ward, father of the gentlemen whose names are now the subject of mention. It descended from him to Mr. S. G. Ward, who established a branch agency in New York, first under the management of Weston & Gray, and subsequently under that of Ward, Campbell & Co., of which firm Mr. G. C. Ward was the head. He retired from it and became associated with his brother under the present firm name on the latter's removal from Boston to this city, and the adoption of New York as the headquarters of the agency. The Boston agency was subsequently, as above mentioned, taken by Messrs. Kidder, Peabody & Co. The retirement of the Messrs. Ward will be warmly regretted by the thousands of travelers who have come into pleasant contact with them, as well as by many others whose business relations with the firm have made them acquainted with the unimpeachable character of all their transactions. Men of this class adorn business life, and their retirement is a public loss.

**A BANK PRESIDENT'S LONGEVITY.**—On January 12th, at the meeting for the organization of the new Board of Directors for the present year, of the Farmers' National Bank of Mansfield, Ohio, those present had a quite unique experience. Mr. James Purdy, who has been the president of the Farmers' National Bank for twenty years (having previously served for twenty years as President of the Farmers' Branch of the State Bank of Ohio) declined a re-election on account of his age. Mr. Purdy is now in his ninety-third year. The Board therefore elected Mr. Jos. S. Hedges as President. Mr. Hedges has made an able cashier of the Farmers' National Bank, and will doubtless make as able a president. Mr. J. J. Miller continues as assistant cashier.

**A SOMEWHAT SIMILAR INSTANCE FROM DAYTON.**—Ohio seems to be determined to furnish conclusive evidence that the banking business is conducive to long life in its conductors. The reasonableness of this proposition will not admit of question, as far as that State is concerned at least. At the organization of the Board of Directors, on the 14th of January, of the Dayton National Bank, the venerable President, Mr. J. H. Achey, positively declined a re-election. As Mr. Achey is nearly eighty-five years of age he insisted upon being relieved of the active duties of president, though still remaining in the Board. He is one of the oldest bankers in Ohio, and was for many years a director in the old State Bank of Ohio, and a member of the State Board of Control.

With two such unusual occurrences as those of Dayton and Mansfield coming so closely together, we think we may safely pronounce Ohio unequalled in the matter of the longevity of its bankers.

**CLINTON (IOWA) IN MOURNING.**—The community of Clinton, in the death of Mr. Wm. F. Coan, on the 15th of January, has sustained an irreparable loss. Deceased was in his sixty-sixth year, having been born in Seneca County, New York, in 1820, and no man in Clinton County was more highly or justly esteemed or better known. Mr. Coan had been a resident of Clinton for over thirty years. He entered the banking business in 1863, and in 1865 organized the Clinton National Bank, of which he has been continuously the president ever since. On the Tuesday previous to his demise he was unanimously re-elected by the directors. He was the chief organizer of the Clinton Savings Bank, being its treasurer, and, in a great measure, conducting its affairs. He was one of the chief promoters of several railroad and other enterprises calculated to benefit the locality where he resided. He was foremost in everything looking to Clinton's prosperity, a philanthropic citizen, a thorough gentleman, and the noblest work of the Creator—an honest man.

**CLEVELAND, OHIO.**—The bank house of Lamprecht, Hayes & Co. having been dissolved, by mutual consent, Messrs. Wm. H., G. O. Lamprecht, and Chas. Lamprecht, Sr., have established themselves under the firm name of Lamprecht Brothers & Co., at 137 Superior St., Cleveland. The members of the new firm are: Mr. Wm. H. Lamprecht, Secretary and Director, formerly Treasurer and General Manager of the South Cleveland Banking Co., and late senior partner of Lamprecht, Hayes & Co.; Mr. G. O. Lamprecht, formerly Assistant Treasurer of the Ohio State Treasury Department, and lately a member of the old firm; and Mr. Charles Lamprecht, Sr., a retired merchant. These gentlemen are so well and favorably known that they need no extended introduction, at our hands, to the bankers of this country. The business of Lamprecht Brothers & Co. will be that of general banking. They will receive accounts of banks, bankers, merchants and individuals, and allow interest to banks and bankers, and, on special accounts, on daily balances. They are prepared to deal in foreign exchange, and will issue letters of credit and make cable transfers. They have superior facilities for negotiating large loans and mortgages, and for buying and selling commercial paper. Their bond department will be a special feature of the business, and they will buy and sell Government, State, and Municipal bonds, and send list of prices to intending purchasers.

We know of no better recommendation to the confidence of the public than any firm could have, than the one which Messrs. Lamprecht Brothers & Co. possess, in their ability to refer, by permission, to all the National banks in the city in which they do business.



**IMPERIAL BANK OF CANADA.**—A new branch of this bank has just been established at Niagara Falls, Ontario. The Imperial Bank, therefore, now has eleven branches in Canada, the others being St. Catherine's, Essex Centre, Ingersoll, Welland, Port Colborne, St. Thomas, Fergus, Woodstock, Winnipeg, and Brandon. The Niagara Falls branch is under the management of Mr. Edward Hay.

**CINCINNATI.**—The directors of the Second National Bank, of Cincinnati, O., will soon remodel the building on the south-east corner of Ninth and Main streets, and make it thoroughly adaptable for the purposes of their bank. The Second National will remove from its present quarters to the above mentioned location as soon as the necessary improvements are completed.

**URBANA, OHIO.**—Mr. Henry P. Espy, after thirty-five years continuous service as cashier of the Champaign County Bank, and its successor, the Champaign National Bank, of Urbana, has recently resigned. Mr. W. R. Ross, late assistant cashier, succeeds Mr. Espy as cashier. The officers of the Champaign National are, therefore, now: P. B. Ross, president; W. R. Ross, cashier and Lemuel Weaver, vice-president.

**PEORIA, ILLINOIS.**—The United States derives more money as Internal Revenue tax from the thriving city of Peoria than it does from any other point, except one, in the country. We mention this fact in passing to emphasize Peoria's importance in the galaxy of enterprising and progressive towns of the West, and to call attention to the Central National Bank of Peoria, with its capital of \$200,000. This bank gives especial attention and care to collections in its city and throughout Central Illinois, and offers unsurpassed facilities to banks and bankers, merchants and manufacturers, who may have transactions in that section. To all such we cordially commend the Central National Bank. Its officers are: Mr. Martin Kingman, President, and Mr. B. F. Blossom, Cashier, and it has for its principal correspondents the Importers and Traders' National Bank, of New York, and the Continental National Bank, of Chicago. The Central National's officers are commended generally for doing the bank's business well.

**TAXING BANK DEPOSITS.**—The State Revenue Commission of Illinois recently adopted a resolution to tax the banks and bankers of that State one-half of one per cent per annum, payable quarterly. The deposits of Chicago, according to a leading banker, average \$70,000,000 per annum. One-half of one per cent. is \$350,000, or \$87,500 per quarter. This is really paying tax on a debt, for that is what the bank owes. The law only requires a person to pay tax on what he owns. The *Inter-Ocean* says:

There is, be it remembered, nothing to prevent the entire banking business from being done under National law. There is no element of monopoly in the charter rights of existing banks. It follows that any system of bank taxation which would impose a burden upon State banks and private banks from which the National banks would be exempt would result in driving all banking business into the National system. In other words, any attempt to derive revenue from banks which would not apply to National banks would be null and void, so far as concerns the development of revenue, and that, we take it, is what the commissioners have in view, and not the wiping out of all except National banks.

Congress specifically has provided the methods by which National banks should be taxed for municipal and State purposes, and they cannot be taxed for those purposes in any other way. The law reads:

"Nothing herein shall prevent all the shares in any association from being included in the valuation of the personal property of the owner or holder of such shares in assessing taxes imposed by authority of the State within which the association is located; but the legislature of each State may determine and direct the manner and place of taxing all the shares of National banking associations located within the State, subject only to the two restrictions, that the taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State, and that the shares of any National banking association owned by non-residents of any State shall be taxed in the city or town where the bank is located, and not elsewhere. Nothing herein shall be construed to exempt the real property of associations from either State, county, or municipal taxes to the same extent, according to its value, as other real property is taxed."

— ENGLAND's new House of Commons has twenty-five bankers as members.

— THE Pennsylvania Railroad recently burned up 1,500 useless coal cars to get the old iron in them.

— It is said on alleged respectable authority that more than half a million pounds of willow leaf were shipped from Shanghai last year as green tea—a large proportion of it coming to America.

— THE awards by the Court of Alabama Claims in the second class of war-premium cases amount to a fraction over \$10,500,000, divided among 11,300 claimants.

— I. V. WILLIAMSON, one of the richest men in Philadelphia, is sized up at \$16,000,000. He is 73 years old, a bachelor with good habits. He gives liberally in charities, but does not spend more than \$3,000 for his own account.

CHARTERED BANKS OF CANADA.—The statement for 1885 of the Chartered Banks of Canada shows assets of \$227,863,547, and liabilities of \$147,449,253. This, as compared with the statement of 1884, exhibits an increase of \$12,076,035 in assets, and \$12,065,315 in liabilities.

— THE will of a German citizen, of Wisconsin, which was contested on the ground that it was written in the English language, and that the testator could not read that language, has been sustained by the Supreme Court, which ruled that the law does not require that a testator should be able to read his will.

CREDITORS HAPPILY SURPRISED.—The creditors of the old banking house of Charles H. Sweet & Co., of Boston, having been paid the principal in full, were notified on January 7th that the interest due on their claims would be paid before the end of the month. The firm failed about three years ago for \$380,000.

VICKSBURG'S NEW BANK.—The Merchants' National Bank of Vicksburg, Miss., has recently organized with a capital of \$100,000. Mr. C. O. Willis is president, and Mr. W. S. Jones, cashier. Mr. Jones was formerly cashier of the First National Bank of Vicksburg, and has all the character and experience necessary to make the Merchants' National a pronounced success.

FROM CHICAGO TO SAN FRANCISCO.—The Chicago, Milwaukee & St. Paul Railway Company has sent out a little pamphlet of eight pages, which describes the trip from Chicago to San Francisco over its short line and connections, the Union Pacific Railway and the Central Pacific Railroad. The little book mentions many of the numerous important places along this route, and it indicates briefly and in satisfactory manner what the accommodations and attractions for the traveler are. A running, colored, bird's-eye view map at the tops of the pages shows the comparative altitude of the many cities and points of interest. The distance from Chicago to San Francisco by this route is 2,355 miles, and the time consumed in making the trip four and one-half days. In going from Chicago, about 600 feet above the sea level, one goes right up over the Rocky and Sierra Nevada mountains at a height of 8,000, and down to San Francisco, less than 1,000 feet. By this route, through Northern Illinois and Central Iowa, the traveler passes Des Moines, Omaha, Cheyenne, Denver, Great Salt Lake, Carson City and Sacramento. Everything in the way of checking baggage, providing berths, eating, and other accommodations is looked after with the most scrupulous care, the aim being first and always to secure the comfort of the passengers. Persons going from all parts of the East to the far West would do well to consider the Chicago Milwaukee & St. Paul route, concerning which they may obtain minute information by addressing A. V. H. Carpenter, General Passenger Agent, Milwaukee, Wis.

### OBITUARY.

MR. HENRY P. KIDDER, the noted Boston and New York banker, died on the afternoon of the 28th of January, at the Brevoort House, in this city, at the age of sixty-six years and ten days. Mr. Kidder was born in Boston, and was the head of the house of Kidder, Peabody & Co. of that city and New York. Among his many generous acts may be mentioned the fact that as soon as he knew that the Boston subscriptions in aid of the sufferers by the Chicago fire were to pass through his house, he telegraphed the Chicago authorities to draw on him for \$100,000, before he had received a dollar. He made numerous gifts unostentatiously to benevolent charitable and philanthropic undertakings. He was, in short, a unique figure in a unique age.

**ANOTHER BOND CALL.**—The Secretary of the Treasury issued, on January 29th, the 133d call for bonds. It is for redemption of \$10,000,000 bonds of the 3 per cent. loan of 1882. The principal and accrued interest will be paid March 1, 1886, and interest will cease on that day.

**CENTRAL RAILROAD AND BANKING COMPANY OF GEORGIA.**—This company exercises the triple functions of owning and leasing railroads, banking, and operating a steamship line. The company owns 312 miles and operates a total of 895 miles of railroad, and runs steamers over a route of 250 miles. The surplus over charges, before deducting the dividend, was, according to a recent statement, \$298,368. In this statement only the net earnings of the Ocean Steamship Company are given. Interest and dividends received on investments are included in the bank earnings.

**TAXING OF NATIONAL BANKS.**—A new legal question of some importance is coming up in some of the Massachusetts cities with respect to the taxing of National banks. The United States law says, National banks shall not be taxed at a larger rate, by State and municipal authority, than other moneyed capital. In Massachusetts the shares of capital stock of National banks are taxed by an exceptional method. The city or town Assessors lay the taxes, which are collected by city and town collectors; the portion laid on shares owned by citizens of the town where the bank is located belongs to the town Treasury, and the remainder is sent, by the town Treasurer, to the State Treasurer, to be distributed to towns where other stockholders reside. Deposits in Savings banks are not subject to municipal taxation, but are taxed directly by the State, at the rate of  $\frac{1}{2}$  per cent. National bank shares are taxed in most of the towns at about triple that rate. The Boston and New Bedford banks have decided to plead the United States law, and in New Bedford the taxes were paid last October under protest. Now the State Treasurer calls for the portion due him as a distributing agent, and the city declines to hand it over, understanding that if the money goes to the State Treasury it is distributed all over the State, and if the assessment of the taxes is decided by the courts to be illegal the city will have to refund it to the banks, and will never be able to get it back from the numerous towns and cities that have received it.

## CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from January No., page 553.)

N. Y. CITY.....	Banks & Obrig; now A. Banks & Co.
ALA.....	Birmingham... Central Bank; now Berney National Bank.
CAL.....	Bodie..... Mono Co. Bank; suspended.
CONN.....	New Haven..... McAllister & Warren; now H. C. Warren & Co.
DAK.....	De Smet..... Bank of De Smet; now First National Bank.
"	Devil's Lake... Bank of Devil's Lake; suspended.
"	Park River..... Park River Bank; now First National Bank.
"	Pembina..... Pembina Co. Bank; now First National Bank.
D. C.....	Washington.... Towers & Green; suspended.
IND.....	Indianapolis... Ritzinger & Co.; suspended.
IOWA.....	Eagle Grove... Odenheimer, Miller & Co.; now First National Bank.
"	New Sharon... Kalbach & Sons; succeeded by Johnson Bros.
KAN.....	Garden City... Garden City Bank; now First National Bank.
"	Harper..... Harper Exchange Bank; now Harper National Bank.
"	Kirwin..... Kirwin Bank; now First National Bank.
"	Longton..... L. H. Amsbury & Co.; succeeded by Bank of Longton.
"	Stockton..... Rooks Co. Bank; now First National Bank.
KY.....	Louisville..... G. W. Norton & Co.; closed.
ME.....	Portland..... H. M. Payson & Co.; dissolved; continue same style.
MASS.....	Springfield... J. G. Mackintosh & Co.; removed to Holyoke.
MICH.....	Fremont..... S. W. Webber & Co.; succeeded by J. T. Reynolds & Co.
MINN.....	Detroit..... Bank of Detroit; now First National Bank.
"	Lu Verne..... Bank of Lu Verne; now First National Bank.
MO.....	Golden City... Aldrich, Niles & Co.; now J. W. Aldrich.
"	Lamar..... Burr, Hunt & Co.; now Jacob Hunt & Co.
NEB.....	Norfolk..... Norfolk B'k (Burrows & Egbert); now C. B. Burrows, pro.
PA.....	Prospect..... Prospect Savings Bank; succeeded by J. M. Leighner.
TEXAS..	Belton..... First National Bank; in voluntary liquidation.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from January No., page 551.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y. CITY.....		Twelfth Ward Bank.....	
ALA....	Birmingham....	Berney National Bank....	National Bank of the Republic.
	\$ 100,000	William Berney, <i>Pr.</i>	J. B. Cobbs, <i>Cas.</i>
" ..	Livingstone....	Brown Bros .....	Chemical National Bank.
COL....	Grand Junction....	Commercial Bank.....	Kountze Bros.
DAK....	Ashton.....	First National Bank .....	
	\$ 50,000	Fred. W. Rogers, <i>Pr.</i>	Fred. W. Kamman, <i>Cas.</i>
" ..	Bloomington....	Farmers' Bank.....	
	\$ 10,000	David H. Henry, <i>Pr.</i>	M. T. Post, <i>Cas.</i>
" ..	De Smet.....	First National Bank.....	American Exch. National Bank.
	\$ 50,000	John H. Carroll, <i>Pr.</i>	Walter N. Carroll, <i>Cas.</i>
" ..	Pembina.....	First National Bank.....	American Exch. National Bank.
	\$ 50,000	L. E. Booker, <i>Pr.</i>	G. W. Ryan, <i>Cas.</i>
ILL. ..	Albion.....	Edwards Co. Bank.....	Hanover National Bank.
	\$ 25,000	Geo. T. Mulford, <i>Pr.</i>	Chas. A. Pace, <i>Cas.</i>
" ..	Metamora.....	Metamora Bank.....	Kountze Bros.
		(Peter & David Schertz)	
" ..	Mount Carmel....	Cowling, Evans & Co....	Chase National Bank.
IOWA. ,	New Sharon....	Johnson Bros.....	Gilman, Son & Co.
" ..	Eagle Grove....	First National Bank.....	Gilman, Son & Co.
	\$ 50,000	H. A. Miller, <i>Pr.</i>	A. N. Odenheimer, <i>Cas.</i>
KANSAS.	Ellsworth.....	Central National Bank....	
		C. F. McGrew, <i>Pr.</i>	J. W. Powers, <i>Cas.</i>
" ..	Eskridge.....	Security Bank.....	Bank of North America.
	\$ 30,000	William A. Waugh, <i>Pr.</i>	John Y. Waugh, <i>Cas.</i>
" ..	Garden City....	First National Bank.....	Tradesmen's National Bank.
	\$ 50,000	Charles E. Niles, <i>Pr.</i>	Chas. E. Merriam, <i>Cas.</i>
" ..	Halstead.....	Halstead National Bank..	
		Jacob Linn, <i>Pr.</i>	J. H. McNair, <i>Cas.</i>
" ..	Harper.....	Harper National Bank....	Fourth National Bank.
	\$ 50,000	Joseph Munger, <i>Pr.</i>	H. C. Munger, <i>Cas.</i>
" ..	Oxford.....	Sumner Co. Bank.....	National Park Bank.
	\$ 25,000	L. J. Buchanan, <i>Pr.</i>	J. C. Brewster, <i>Cas.</i>
" ..	Severy.....	The Bank of Severy.....	
		Samuel C. Marshall, <i>Pr.</i>	Will. M. Marshall, <i>Cas.</i>
" ..	Stockton.....	First National Bank.....	
	\$ 50,000	Charles C. Woods, <i>Pr.</i>	H. C. Reins, <i>Cas.</i>
" ..	Wamego.....	First National Bank.....	Merchants' National Bank.
	\$ 75,000	J. C. Rogers, <i>Pr.</i>	Robert Scott, <i>Cas.</i>
KY....	Providence. ....	Providence Banking Co..	National Park Bank.
		Henry Givens, <i>Pr.</i>	Levi A. Doris, <i>Cas.</i>
ME. ...	Portland.....	Pullen, Crocker & Co....	Green & Bateman.
MASS. .	Springfield....	Fennessy, Armstrong & Co.	Merchants' Exch. Nat'l Bank.
MICH..	Ionia.....	Ionia Co. Savings Bank ..	Ninth National Bank.
	\$ 30,000	Humphrey R. Wagar, <i>Pr.</i>	Josiah E. Just, <i>Cas.</i>
MINN..	Detroit.....	First National Bank.....	Corbin Banking Co.
	\$ 50,000	E. G. Holmes, <i>Pr.</i>	O. D. Brown, <i>Cas.</i>
" ..	Hubbard.....	Hubbard Co. Bank.....	Corbin Banking Co.
	\$ 15,000	Harry Billings, <i>Pr.</i>	James Billings, <i>Cas.</i>
" ..	Lu Verne.....	First National Bank.....	Gilman, Son & Co.
	\$ 50,000	P. J. Kniss, <i>Pr.</i>	W. P. Hurlbut, <i>Cas.</i>
NEB....	Broken Bow....	Custer Co. National Bank ..	
		Geo. C. Hickok, <i>Pr.</i>	Chauncy Abbott, <i>Cas.</i>
N. Y....	Havana.....	E. A. Dunham & Co....	National Park Bank.
" ..	New Brighton..	First Nat'l of Staten Island	
		Jas. M. Davis, <i>Pr.</i>	Cyrus Walser, <i>Cas.</i>
OHIO....	Harrison.....	Citizens' Bank.....	Frank Bowles, <i>Cas.</i>
OR....	McMinnville....	Yam Hill Co. Bank.....	
	\$ 50,000	J. C. Braly, <i>Pr.</i>	Clark Braly, <i>Cas.</i>
" ..	The Dalles.....	First National Bank.....	
	\$ 50,000	John S. Schenck, <i>V. Pr.</i>	H. M. Beall, <i>Cas.</i>
S. C....	Seneca.....	The Seneca Bank.....	National Park Bank.
	\$ 20,000	Oliver M. Doyle, <i>Pr.</i>	J. W. Stribling, <i>Cas.</i>
TENN. .	Morristown....	First National Bank.....	
	\$ 50,000	Geo. W. Folsom, <i>Pr.</i>	Geo. S. Crouch, <i>Cas.</i>
TEXAS..	Bryan.....	First National Bank.....	
		J. S. Fowlkes, <i>Pr.</i>	J. W. Howell, <i>Cas.</i>
" ..	Coleman.....	First National Bank.....	
	\$ 50,000	J. D. Davidson, <i>Pr.</i>	J. B. Coleman, <i>Cas.</i>
VT....	Swanton.....	C. S. L. Leach .....	
CANADA	Niagara Falls..	Imperial Bank of Canada	American National Exch. Bank.
		Edward Hay, <i>Mgr.</i>	

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from January No. page 552.)

	Bank and place.	Elected.	In place of
ALA....	First National Bank, Birmingham.	{ W. J. Cameron, <i>Pr</i> ..... E. W. Linn, <i>Cas</i> ..... T. O. Smith, <i>As. Cas.</i> ....	{ W. A. Walker, Jr. W. J. Cameron. E. W. Linn.
COL....	First National Bank, Boulder..	Andrew J. Macky, <i>Pr</i> ....	I. Phillips.
" ..	First Nat. Bank, Fort Collins..	L. E. Hinckley, <i>Cas</i> .....	W. G. Bixby.
CONN....	Ansonia National Bank, Ansonia.	Chas. H. Pine, <i>Pr</i> .... Fred. M. Drew, <i>Cas</i> ....	{ Thomas Wallace. Charles H. Pine.
" ..	National Exchange Bank, Hartford.	J. R. Redfield, <i>Pr</i> ..... W. S. Wooster, <i>Cas</i> ....	{ F. B. Cooley. J. R. Redfield.
" ..	Windham Nat. B., Willimantic.	Guilford Smith, <i>Pr</i> ....	T. Ramsdell.
" ..	N'l T'desmen's B'k, New Haven	W. T. Fields, <i>Cas</i> .....	Geo. A. Butler.
DAK....	First National Bank, Canton..	J. H. Gale, <i>Cas</i> .....	E. P. Brown.
" ..	Washington L. & T. Co., Pierre	W. I. Hulett, <i>Sec</i> .....	Geo. F. Bansom.*
FLA....	First National Bank, Jacksonville.	{ Jas. M. Schumacker, <i>Pr</i> . R. O. Cooley, <i>Cas</i> .....	{ J. Clark. J. M. Schumacker.
GA....	National Bank of Augusta....	Geo. R. Sibley, <i>Pr</i> .....	Z. McCord.
ILL....	Union National Bank, Chicago.	C. R. Cummings, <i>Pr</i> ....	W. C. D. Grannis
" ..	Metropolitan Nat. B'k, Chicago.	W. D. Preston, <i>Cas</i> ....	H. A. Ware.
" ..	First Nat'l Bank, Farmer City..	J. B. Lewis, <i>Pr</i> .....	R. O. Crawford.
IND....	First Nat. Bank, La Grange ..	John M. Preston, <i>Cas</i> ....	S. Shepardson.
" ..	City National Bank, Goshen....	A. L. Hubbell, <i>Pr</i> .....	J. H. Defrees.*
" ..	Central Nat. Bank, Greencastle.	R. L. O'Hair, <i>Pr</i> .....	R. Z. Lockridge.
" ..	Meridian Nat. B'k, Indianapolis	W. P. Gallop, <i>Pr</i> .....	D. Macy
IOWA....	First Nat. Bank, Griswold....	R. L. Brown, <i>Cas</i> .....	F. L. Brown, <i>Act'g.</i>
" ..	Nat'l State B'k, Mt. Pleasant..	R. H. Gillis, <i>Cas</i> .....	J. H. Whitney.
" ..	Ottumwa Nat. Bank, Ottumwa.	M. B. Hutchinson, <i>Cas</i> ..	B. Hutchinson, <i>Act'.</i>
" ..	First National Bank, Rock Rapids.	{ B. L. Richards, <i>Pr</i> ..... C. H. Huntington, <i>Cas</i> ..	{ J. Shade. B. L. Richards.
" ..	Farmers' N. B'k, Webster City.	W. P. Miller, <i>Cas</i> .....	H. A. Miller.
KAN....	People's Nat. B'k, Clay Centre.	J. B. Quimby, <i>Pr</i> .....	H. H. Taylor.
" ..	First National Bank, Osborn....	Frank Knox, <i>Cas</i> .....	W. F. Earls.
" ..	First National Bank, Salina....	J. M. Fuller, <i>Pr</i> .....	W. L. Hardison.
" ..	Washington N. B., Washington	John B. Sofield, <i>Pr</i> .....	A. Harrington.
KY....	Second National Bank, Richmond.	{ J. Stone Walker, <i>Pr</i> ..... John B. Walker, <i>Cas</i> ....	{ W. M. Irvine. J. S. Walker.
LA....	State Nat. Bank, New Orleans.	J. W. Kilbreth, <i>Pr</i> .....	S. H. Kennedy.
ME....	Second National Bank, Bangor.	Geo. A. Crosby, <i>Cas</i> ....	W. S. Dennett.
" ..	Hallowell Nat. Bank, Hallowell	A. K. Perry, <i>Cas</i> .....	A. D. Knight.
MD....	First National Bank, Cumberland.	{ Robert Shriver, <i>Pr</i> ..... J. L. Griffith, <i>Cas</i> .....	{ Joseph Shriver. E. T. Shriver.
MASS....	Amesbury Nat. B'k, Amesbury.	E. S. Felch, <i>Pr</i> .....	A. M. Huntington.
" ..	Third National Bank, Boston..	Moses Williams, <i>Pr</i> ....	P. L. Everett.
" ..	Franklin Co. Nat. B., Greenfield	H. O. Edgerton, <i>Cas</i> ....	A. M. Thayer.
" ..	Marblehead N. B., Marblehead.	John F. Harris, <i>Pr</i> .....	I. C. Wyman.
" ..	Warren Nat. Bank, Peabody....	C. Warren Osborn, <i>Pr</i> ..	L. Allen.
" ..	Shelburne Falls Nat'l Bank, Shelburne Falls.	{ H. H. Mayhew, <i>Pr</i> .....	{ J. B. Bardwell.
MICH....	First National Bank, Kalamazoo.	{ L. Hull, <i>Pr</i> ..... A. C. Cobb, <i>Ass't Cas</i> ....	{ A. C. Cobb. .....
" ..	First National Bank, Paw Paw.	E. F. Park, <i>Cas</i> .....	F. E. Stevens.
" ..	Three Rivers N.B., Three Rivers	John Cox, <i>Pr</i> .....	Henry Hall, <i>Act'g.</i>
MINN....	First National Bank, Brainerd.	{ H. J. Spencer, <i>Pr</i> ..... A. F. Ferris, <i>Cas</i> .....	{ G. W. Holland. H. J. Spencer.
" ..	German-American Nat. Bank, St. Cloud.	{ Edgar Hull, <i>Pr</i> ..... F. M. Morgan, <i>Cas</i> .....	{ C. A. Hull. E. Hull.
MO....	Merchants' Nat'l, Kansas City..	John C. Gage, <i>Pr</i> .....	F. L. Underwood.
" ..	First National Bank, Mexico ..	G. B. Macfarlane, <i>Pr</i> ...	R. W. Tureman.
" ..	Citizens' Nat. B'k, Kansas City.	W. H. Seeger, <i>Cas</i> ....	P. E. Chappell.

\* Deceased

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
NEB....	First National Bank, Blue Hill.	Henry Gund, <i>Pr.</i>	C. Koehler.
"	First Nat'l Bank, Humboldt.	Jas. K. Liggett, <i>Cas.</i>	C. E. Waite.
"	Norfolk Nat'l Bank, Norfolk.	J. A. Read, <i>Act'g Cas.</i>	L. Ley.
"	First National Bank, Sutton.	Isaac N. Clark, <i>Pr.</i>	G. H. Cowles.
"	First National Bank, Wayne.	F. A. Dearborn, <i>Cas.</i>	D. C. Patterson.
"	First Nat. Bank, West Point.	E. K. Valentine, <i>Pr.</i>	J. C. Simpson.
"	York National Bank, York.	E. M. Battis, <i>Cas.</i>	L. Love.
N. H....	First National Bank, Concord.	Chas. G. Remick, <i>Cas.</i>	C. G. Remick, <i>Act.</i>
"	Lake National Bank, Wolfboro.	I. W. Springfield, <i>Pr.</i>	B. Folsom.
N. J....	Bloombsbury N. B'k, Bloombsbury	T. T. Hoffman, <i>Pr.</i>	C. Alspaugh.
"	Cumberland National Bank, } Bridgeton.	Wm. G. Nixon, <i>Pr.</i>	C. E. Elmer.
"	First National Bank, Clinton.	James R. Kline, <i>Pr.</i>	W. G. Nixon.
"	Mt. Holly Nat. B'k, Mt. Holly.	B. F. Lee, <i>Cas.</i>	R. Foster.
"	North Ward Nat. B., Newark.	J. W. Lushear, <i>Cas.</i>	F. Armstrong.
"	Second Nat. Bank, Red Bank.	J. A. Throckmorton, <i>Pr.</i>	W. Robotham.
"	First National Bank, } Washington.	J. S. Applegate.	J. S. Applegate.
"		Aug. P. Hann, <i>Cas.</i>	P. H. Hann.
"		Louis J. Hann, <i>Ass't Cas.</i>	A. P. Hann.
N. MEX.	Albuquerque Nat'l, Albuquerque	Jos. Bell, <i>Pr.</i>	G. F. Chalender.
"	First National Bank, Socorro.	W. B. Slaughter, <i>Pr.</i>	J. W. Terry.
N. Y....	First National Bank, Amenia.	Geo. H. Swift, <i>Pr.</i>	D. Guernsey.
"	Putnam Co. Nat. B'k, Carmel.	Ambrose Ryder, <i>Pr.</i>	Sylvester Mabie.*
"	First National Bank, Franklin.	F. W. Bartlett, <i>Cas.</i>	C. Noble.
"	First National Bank, Olean.	A. F. Eaton, <i>Cas.</i>	L. F. Lawton.
"	Owego National Bank, Owego.	Charles E. Parker, <i>Pr.</i>	G. B. Goodrich.
"	Sag Harbor Sav. B. Sag Harbor	R. H. Harris, <i>Pr.</i>	Wm. Lowen.*
"	First National Bank, Wellsville.	Edward I. Farnum, <i>Pr.</i>	H. N. Lewis.
N. C....	First National Bank, Asheville.	W. H. Penland, <i>Cas.</i>	W. H. Penland, <i>Act.</i>
OHIO....	City National Bank, Akron.	F. W. Butler, <i>Cas.</i>	J. F. Uhler.
"	First Nat'l Bank, Bridgeport.	W. W. Holloway, <i>Pr.</i>	E. P. Rhodes.
"	Second National Bank, Bucyrus	M. J. Monnett, <i>Pr.</i>	G. W. Hull.
"	First Nat'l Bank, Circleville.	G. G. Stouch, <i>Ass't Cas.</i>	W. M. Drum.
"	Nat. B. of Commerce, Cleveland	F. E. Rittman, <i>Cas.</i>	G. A. Garretson.
"	Second National B'k, Greenville	A. F. Koop, <i>Pr.</i>	W. H. Kerlin.
"	First National Bank, Lorain.	David Wallace, <i>Pr.</i>	W. A. Braman.
"	First Nat'l Bank, Mt. Gilead.	Allen Severing, <i>Pr.</i>	W. Hull.
"	Northern Nat'l Bank, Toledo.	W. A. Eggleston, <i>Cas.</i>	W. A. Eggleston, <i>Act'g.</i>
"	Wayne Co. Nat. B'k, Wooster.	A. G. Coover, <i>Cas.</i>	J. G. Hartman.
"	Xenia National Bank, Xenia.	A. S. Frazer, <i>Cas.</i>	J. C. Brown.
"	Citizens' National Bank, Xenia.	J. D. Edwards, <i>Pr.</i>	J. W. King.
"	Champaign Nat. Bank, Urbana.	W. R. Ross, <i>Cas.</i>	H. P. Espey.
PA.....	Keystone National Bank, Erie.	J. F. Downing, <i>Pr.</i>	O. Noble.
"	First Nat'l Bank, Greencastle.	J. K. Davidson, <i>Pr.</i>	J. B. Crowell.
"	Greenville Nat. B'k, Greenville.	A. F. Henlein, <i>Pr.</i>	J. Keck.
"	First Nat. Bank, McKeesport.	Jas. S. Kuhn, <i>Cas.</i>	Thos. Penney.
"	First National Bank, Marietta.	John Musser, <i>Pr.</i>	J. Zigler.
"	Farm. & Mec. Nat. B'k, Mercer	B. Magoffin, <i>Pr.</i>	R. V. Belles.
"	First Nat. Bank Lock Haven.	M. Fredericks, <i>Pr.</i>	G. Kintzing.
"	Independence N. B. Philadelphia	R. L. Austin, <i>Cas.</i>	W. B. Moore.
"	Commercial Nat. B., Pittsburgh	H. W. Bickel, <i>Cas.</i>	J. A. Knox, <i>Act'g.</i>
"	Farmers' Nat. Bank, Reading.	Cyrus Rick, <i>Cas.</i>	H. H. Muhlenberg.
"	National Bank of Spring City.	Daniel Latshaw, <i>Pr.</i>	C. S. Francis.
"	Citizens' Nat'l Bank, Warren.	G. N. Parmlee, <i>Cas.</i>	F. Henry.
R. I....	First National Bank, } Bristol.	W. T. C. Wardwell, <i>Pr.</i>	J. Lawless.
"		H. W. Church, <i>Cas.</i>	M. Bennett.
"		C. H. Manchester, <i>Ass't.</i>	.....
"	Centreville Nat. B., Centreville.	Enos Lapham, <i>Pr.</i>	.....
"	Fourth Nat. Bank, Providence.	B. W. Evans, <i>Pr.</i>	R. B. Chapman.
S. C....	Bank of Charleston N. B. A., } Charleston.	Rudolph Seigling, <i>Pr.</i>	W. C. Courtney.
"	First National Bank, Charleston	Henry I. Greer, <i>Act'g Cas.</i>	W. E. Breese.
TEX....	Texas Nat'l Bank, San Antonio.	A. A. Alexander, <i>Cas.</i>	A. A. Alexander, <i>Act'g</i>
UTAH....	Deseret Nat. B., Salt Lake City	F. Little, <i>V. P.</i>	Wm. Jennings.*
VT.....	People's Nat. Bank, Brattleboro	Julius J. Estey, <i>Pr.</i>	P. Starr.
"	First National Bank, } St. Johnsbury.	Horace Fairbanks, <i>Pr.</i>	L. P. Poland.
"		J. C. Clark, <i>Cas.</i>	G. May.
"	Lyndonville N. B., Lyndonville	L. B. Harris, <i>Pr.</i>	S. Bradley.
WAS. T.	First National Bank, Seattle.	Geo. W. Harris, <i>Pr.</i>	J. R. Lewis.
"	First Nat. Bank, Spokane Falls	James N. Glover, <i>Pr.</i>	F. R. Moore.
Wis....	National Bank of } Neenah.	Robert Shiells, <i>Pr.</i>	H. Hewitt, Sr.
"		Alex. McNaughton, <i>Cas.</i>	R. Shiells.

\* Deceased.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

*(Continued from January No., page 551.)*

No.	Name and Place.	President.	Cashier.	Capital.
3426	First National Bank..... Detroit, MINN.	E. G. Holmes,	Oren D. Brown,	\$ 50,000
3427	Council Bluffs National Bank.... Council Bluffs, IA.	A. C. Burnham,	J. N. Brown,	100,000
3428	First National Bank..... Lu Verne, MINN.	P. J. Kniss,	W. P. Hurlbut,	50,000
3429	Lynn National Bank..... Lynn, MASS.	John Macnair,	Jas. E. Jenkins,	100,000
3430	Merchants' National Bank..... Vicksburg, MISS.	C. O. Willis,	W. S. Jones,	100,000
3431	Harper National Bank..... Harper, KAN.	Joseph Munger,	H. C. Munger,	50,000
3432	First National Bank..... Morristown, TENN.	George W. Folsom,	George S. Crouch,	50,000
3433	First National Bank..... Coleman, TEXAS.	J. D. Davidson,	J. B. Coleman,	50,000
3434	First National Bank..... Wamego, KAN.	J. C. Rogers,	Robert Scott,	75,000
3435	First National Bank..... De Smet, DAK.	John H. Carroll,	Walter N. Carroll,	50,000
3436	First National Bank..... Park River, DAK.	David H. Beecher,	Sidney Clarke,	50,000
3437	First National Bank..... Ashton, DAK.	Fred. W. Rogers,	Fred. W. Kamman	50,000
3438	First National Bank..... Pembina, DAK.	Lewis E. Booker,	G. W. Ryan,	50,000
3439	First National Bank..... Eagle Grove, IA.	H. A. Miller,	A. N. Odenheimer,	50,000
3440	First National Bank..... Stockton, KAN.	Chas. C. Woods,	H. C. Reins,	50,000
3441	First National Bank..... The Dalles, OR.	John S. Schenck, <i>V. P.</i>	H. M. Beall,	50,000
3442	Berney National Bank..... Birmingham, ALA.	William Berney,	J. B. Cobbs,	100,000
3443	Halstead National Bank..... Halstead, KAN.	Jacob Linn,	J. H. McNair,	50,000
3444	First Nat. Bank of Staten Island..... New Brighton, N. Y.	James M. Davis,	Cyrus Walser,	100,000
3445	Custer Co. National Bank..... Broken Bow, NEB.	George C. Hickok,	Chauncy Abbott,	50,000
3446	First National Bank..... Bryan, TEX.	J. S. Fowlkes,	J. W. Howell,	100,000
3447	Central National Bank..... Ellsworth, KAN.	C. F. McGrew,	J. W. Powers,	50,000

A USEFUL POSTAL SCALE.—Cook's Automatic Postal Scale is a very finished weighing apparatus, designed to meet the need of something simple, convenient, and correct, and merits especial mention. It has secured the award of merit from the New Orleans Exposition and from the American Institute on two occasions. Its novelty consists in its self-adjusting weights, giving instantly the weight of the article and the amount of postage to be paid. A single indicator tells the whole story. The manufacturers of these scales are represented by Mr. A. M. Fowler, jr., 339 Broadway. The scales are heartily commended by all who have used them, and no bank or banker should be without one. They form a useful and ornamental adjunct to a private library also, and are, considering their merit, comparatively inexpensive. We know of nothing for the same purpose that equals them.

# FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JANUARY, 1886.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in January.						RAILROAD STOCKS.				MISCELLANEOUS.					
GOVERNMENTS.	Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.	RAILROAD STOCKS.	Open- ing.	High- est.	Low- est.	Clos- ing.	MISCELLANEOUS.	Open- ing.	High- est.	Low- est.	Clos- ing.
4½s, 1891.....reg.	Mar.	112½	112½	112½	112½	Denver and Rio Grande.....	20½	23	16	4½	Oregon & Trans-Continental.....	34½	34½	27½	30½
4s, 1891.....reg.	Reg.	112½	112½	112½	112½	East Tenn., Va. & Ga. pref.....	6½	11½	3½	8	Pacific Mail.....	67	67	54½	58
4s, 1907.....reg.	Jan.	123	124	123	124	Do. pref.....	26½	27½	23	24½	Philadelphia & Reading.....	21½	22½	19½	22
4s, 1907.....comp.	Feb.	123	124	123	124	Erie.....	53	58	50½	53½	Pullman Palace Car Co.....	133½	135	124	134½
½s option U. S. reg.	Jan.	101	102	100½	100½	Do. pref.....	34	36	32	32	Peoria, Decatur & Evansville.....	22½	22½	22½	20½
6s, cur'cy, 1896. reg.	Jan.	128	128½	128	128½	Houston & Texas.....	140	141	138½	141	Richmond & Danville.....	82½	82½	77	—
6s, cur'cy, 1897. reg.	Jan.	128	128½	128	128½	Illinois Central.....	27	28	27	27	Richmond & Alleghany.....	—	—	—	—
3½, cur'cy, 1898. reg.	Jan.	132½	133½	132½	133½	Indiana, Bloom'g. & Western.....	45	45½	43½	45½	Richmond & West Point.....	36½	37½	32½	35½
6s, cur'cy, 1899. reg.	July.	134½	135½	134½	135½	Louisville, N. Alb. & Chic.....	47	48	46½	48	Rochester & Pittsburgh.....	39	44	38½	—
						Louisville, N. Alb. & Chic.....	89	89½	87½	87½	St. Louis, Alton and T. H.....	22½	23½	20	21½
						Lake Erie & Western.....	18½	18½	18	18	Do. pref.....	99½	104	98½	45½
						Long Island.....	81	84½	80½	80½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Michigan Central.....	76½	76½	68	68	Do. 1st pref.....	115½	115½	106½	115½
						Mil. L. Sh. & West.....	22	22	22	22	St. Louis & San Fran.....	22½	23½	20	21½
						Morris & Essex.....	135	135	131	131	Do. pref.....	99½	104	98½	45½
						Missouri Pacific.....	112½	114½	107½	107½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Missouri, Kansas & Texas.....	32½	32½	27½	27½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Manhattan Beach Co.....	18½	18½	18	18	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Manhattan Beach Co.....	18½	18½	18	18	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Metropolitan Elevator.....	120	120½	120	120	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Metropolitan Elevator.....	120	120½	120	120	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Memphis & Charleston.....	37½	38½	34½	34½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Mobile & Ohio.....	22½	22½	21½	21½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Minneapolis & St. L.....	22½	22½	21½	21½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Do. pref.....	30	31½	28½	28½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						N. Y. Chic. & St. Louis.....	9½	9½	8½	8½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Do. pref.....	106½	107½	104½	104½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						N. Y. Central & Hudson.....	44	45½	42½	42½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						New Jersey Central.....	106½	107½	104½	104½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						N. Y. Lack. & Western.....	106½	107½	104½	104½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Norfolk & Western.....	30½	30½	28½	28½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Northern Pacific.....	30½	30½	28½	28½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Do. pref.....	30½	30½	28½	28½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Nashville, Chat. & St. L.....	46	46	44½	44½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						N. Y. Ontario & Western.....	30½	30½	28½	28½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Ohio & Mississippi.....	25½	25½	23½	23½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Ohio Southern.....	18½	18½	17½	17½	St. Paul, Minneap. & Man.....	115½	115½	106½	100½
						Oregon Navigation.....	107½	108½	99	99	St. Paul, Minneap. & Man.....	115½	115½	106½	100½



## NOTES ON THE MONEY MARKET.

## A FINANCIAL AND COMMERCIAL REVIEW.

The month of January has been disappointing, both to speculators and the business community generally. Instead of the January boom that had been predicted by the Wall Street bulls, there has been a most decided January thaw in the stock market, that has not only melted away their prospective castles in the air, but also a good percentage of their previous six months' profits. With the last day of the old year ended this prospective boom in Wall Street. Since then, with few exceptions, the market has been gradually but steadily receding, and the pools which had loaded up in December for a further rise, have found that the facts pointed out for two preceding months in this article were more stubborn things than bull pools. Those facts were patent to everybody who cared to look at them, both in and out of Wall Street. The chief of these was that the advance in stocks from July to January had more than discounted the partial improvement in general business, and that putting up rates would not enable railroads to earn an increase in dividends to warrant any further advance, even if it would be sufficient to maintain that already secured. The reason given for that prediction, was the absence of a good export demand for any of our great staples, except corn, and that there was little prospect of any general increase. The enormous falling off in east-bound tonnage from Chicago, in January, has fully sustained the soundness of that reason, while the possibility of snow blockades, to still further reduce the winter earnings of rail-ways then alluded to, has been realized.

But the great underlying fact was, that the improvement in business was not general nor nearly so great and permanent as had been expected, when that hitherto correct barometer of general trade, the iron interests, started up, with increasing demand, followed by better prices for their manufactures. It turned out, however, that the principal buyers were those same railroads whose stocks had gone up so sharply on the anticipation of general improvement. Hence, it will be seen that these two accepted barometers—one of speculation, and the other of legitimate business—have proved false, for the evident reason that each was influenced by the other, and by their immediate speculative temperature, and not by the natural atmospheric conditions that existed outside the stock market and the iron trade. The early activity in the dry-goods market last Fall was also another deceptive sign of returning general prosperity, and for very much the same causes. The basis of this improvement last August and September, like that of the Trunk Line declaration of peace, was the large crops that were then assured. "Good crops, good trade," was an old commercial proverb, as sacred and infallible in the popular mind as the other, that, "As the iron trade goes, so goes all trade." But that these old maxims were destined to fail was certain unless we experienced a restoration of our export trade, by which good crops would bring remunerative prices to the agricultural classes, thus enabling them to buy goods more freely; at the same time giving employment to the transportation interests, which had been ordering new equipment from

the iron trade, and also the middlemen and commercial classes whereby they would be enabled to suspend the economies of the past three years.

Unfortunately for the whole country, none of these conditions have been realized, for the simple reason that we have lost the bulk of our export trade for the time being, if not permanently. This is why the dry-goods trade has been disappointing since early last Fall. It is the reason that the activity in the iron trade has decreased the past month, and it is why the stock market has declined, because of reduced instead of increased earnings. Of course, the snow blockades have aggravated this. But the loss, from being unable to run when there was little to carry, was not as great as where busy. The stock market has also sagged back again from another cause, whose potency was explained at length in our last. That was the loss of Mr. Vanderbilt's support, which had put it up for six months before his death. That this could not be withdrawn when there was none other to take its place without unfavorably affecting the prices of stocks, was then pointed out. It was a shock to this market, which not only ended all hope of a further advance under existing conditions, but made a reaction almost certain. Up to that time the public had been free buyers of stocks. Since his death it has been a seller, and only for a short time late in December and early in January, has it been a free buyer of railway mortgages. This has been equally true of this country and of Europe, until both speculative and investment demand have fallen off and left the market for both stocks and bonds to the professional speculators and the bull pools, which had been formed in December preparatory to the "January boom" that never came. This tendency has no doubt been aggravated by the advance in sterling exchange to a gold exporting point, and by the silver question. But the gold scare has been the direct result of the loss of exports, which has necessitated, and may still necessitate, the shipping of gold, while the loss in exports itself is due largely to the decline in silver caused by the overproduction under our compulsory coinage act, which has enabled England to buy her wheat in India and other silver countries 15 cents per bushel cheaper without silver. This change in the situation is seen in the rapid increase in the surplus bank reserve for the past month, and in the reduced rate for money again, both of which are fatal to improvement in business. Indeed, the continued small movement in merchandise, the depression in most of our produce markets, the lightest exports in years, gold exports, higher sterling exchange, cheaper money, accumulation of idle money in bank, the silver agitation and the reaction in stocks from the withdrawal of public support, both for speculative and investment account, are indices of anything but a general improvement in business. The one thing lacking, the one dark spot, is our export trade, upon which all others depend, or around which they stand, so closely allied as to be seriously affected thereby. Until this huge stumbling block to our National prosperity is removed, either by natural or legislative causes, the prospects of general and permanent improvement are not bright. An agricultural country, which we certainly are, cannot prosper unless its agricultural population is prosperous. They cannot prosper, no matter how large their crops may be, if no remunerative markets can be found.

Were we an exporter of manufactured goods, there could be an outlet made at home for our surplus food, feed, and raw material, by stimulating our foreign trade. But we have been distinctively a producer of food for man,

feed for animal, and raw material for the manufacturers of the Old World, after supplying our own. Now, this function of commissary-general for Europe is being dispensed with, and our occupation being superseded, while those countries are foraging the rest of the world for their supplies. This agricultural independence of America, on the part of Europe, is the result of a commercial revolution that has been going on for several years. Although that independence has been hastened by three abundant crop years the world over, and rendered more complete, possibly, than it can remain, on average normal crops. Yet the tendency is toward still more complete independence of us, on account of the settled policy of Europe, and especially of England, to develop her own colonies, by which she can make new markets for her own goods in exchange for the products of their soil, keep her gold at home, and avoid the tax imposed upon the staples of commerce in this country only, by speculators. Short crops may help us, temporarily, to secure a larger portion of this trade. But it cannot be restored permanently except by a radical change in the policy of this country, by which an interchange of goods upon equal terms with these countries, for which we must hereafter compete, can be made. This would require an abolition of speculation in staples of commerce, and commercial treaties based upon reciprocal trade. These are two changes so radical and considered as so opposed to our commercial and manufacturing interests, that there is little prospect of their being made, at present, at least, as the commercial exchanges and the manufacturers' associations of the country would solidly oppose them. What, then, can be done, is asked on every hand, to remove or mitigate this great misfortune that stands as a bar to a general recovery in business. The only alternative is to turn our attention to other industries. But what shall these be? Cotton, the great staple of the South, like wheat and provisions, the great staples of the West, is being gradually superseded in European markets by the products of British colonies. The live beef and fresh meat trade which has recently made up, in part, for our loss of the provision trade with Europe, is being underdone by the cheaper beef of South America, and the cheaper and better mutton of New Zealand and Australia. Corn and petroleum are the two only large export staples of which we still hold anything like control of the markets of the world. We may extend corn culture if we can enlarge our exports. And, to do this, we must compete with all the cheap feeding-stuffs of Europe as well as with the Danubian corn belt. But speculation puts its tax on these two staples also. We cannot much further extend our grazing interests profitably, with provisions as cheap as now, unless it be in the direction of wool-growing. And here we come into what has been regarded as an unequal competition with these same British colonies, which England has developed beyond all precedent in the past five years by building railroads and cheapening transportation to and into the heart of those countries. In addition, English capital has been invested in land and industries and irrigation works throughout those colonies where British enterprise and trade have gone to stay. There seems to be but one sure and permanent road out of our dilemma. That is, to adopt a national policy which shall hold intact our home markets for home manufactures, but at the same time reduce the cost of production sufficiently to enable American manufacturers to compete with those of Europe for the trade of the Western Hemisphere; and then, to establish quick and frequent communication with our sister countries of the New World. Thus we

could consume our surplus food, feed and raw material at home, or rather we would have no surplus to sell, which would render us more independent of Europe than she now is of us. Indeed, such is the manifest commercial and industrial destiny of this country. Any nation with natural advantages that give her agricultural equality, if not supremacy, over her neighbors, has the foundation for a manufacturing supremacy which England never possessed and never can. Yet she became the industrial mistress of the world, and with it the commercial master and the financial center. She adopted a wise commercial policy, in advance of other nations, notwithstanding she labored under natural disadvantages greater than any other manufacturing country of Europe, because she neither produced her food and feed supplies nor raw material. This country produces all, and without limit, while we have 3,000 miles of ocean between us and our European rivals to protect us from their competition on this continent. Indeed, the freight and charges on food for man and feed for animals, and on raw material across the Atlantic, and back again to this country, on the manufactured product, is protection in itself that will eventually close our own markets against Europe; while the saving of that 3,000 miles' voyage on food, feed and raw material, will enable us to lay American goods down in any country of the Western Hemisphere and in China and Eastern Asia as cheaply, if not more so, than any country in Europe. With such a national policy as this, our commercial marine would be restored again, and the American flag not only, but American manufactured goods, would be found in every port of the world. Following such commercial and industrial supremacy, would succeed the eventual transfer of the financial center as well from London to New York, it having become the center of commerce and the halfway house between Europe and Asia. This is the future made possible by our location, exhaustless and unlimited natural resources; and by manifest destiny, which the present apparent calamity, of the loss of our export trade in raw material may hasten, and this great catastrophe prove a blessing in disguise, by which America shall become not only independent of Europe, but the mistress of the world; to which title it is proper she should succeed, as her mother country, Great Britain, is compelled by force of the natural laws of commerce to relinquish it. It is of this that the continued and now frequent transfers of the plants and works of British manufacturers to this country are the forerunners; and it is now time for our country to adopt a policy that will hasten this exodus of English capital, skill and trade to this side of the Atlantic. With such a policy, our agricultural interests will be protected by home markets for all their surplus. Our transportation interests will find full employ in moving these crops to manufacturing centers instead of to Europe, while the English carrying trade in manufactured goods will be transferred to American vessels, and the profit on their manufacture and transportation to American pockets. Labor will find employment and the country permanent prosperity.

As for the various markets, their course the past month was little changed, and for the most part prices have remained stationary under this widespread incubus upon our export demand. Wheat has had a reaction, and it looks as if the bottom on this crop had been turned, as consumption at home is at last overtaking the excess of supply in sight and will soon make the deficit in last crop felt. Petroleum has been down since the December manipulation,

partly in sympathy with stocks, but also on less export demand than expected, and cotton has been left as severely alone by Europe as have our wheat and provisions; while stocks have accumulated South and North till speculation is unable to lift that market. In all these staples of exports the same state of affairs exists, except in corn, which has moved out as fast as it has come forward. That market has been in a healthy position, and it is the only one that has been, in which speculation and export demand are elements in the situation. The dry-goods houses report about the same prospects for the spring trade as last year, while prices are still in buyer's favor, as the production has increased since the enlarged demand last Fall, which set mills going in anticipation of its continuance. Yet it is early in the year to judge well of the prospects of spring trade, especially as the snow blockades and extremely cold weather throughout the country have blocked or frozen everything and everybody up. This has intensified the January dullness and discouragement, and it is reasonable to expect a brighter outlook a month hence, for which all will most devoutly wish.

The reports of the New York Clearing-house returns compare as follows:

1886.	Loans	Specie	Legal tenders	Deposits	Circulation	Surplus
Jan. 2...	\$ 339,909,800	\$ 89,721,100	\$ 28,808,200	\$ 376,959,300	\$ 9,979,800	\$ 24,289,475
" 9...	339,873,700	93,082,100	31,117,700	383,397,600	9,854,800	28,359,400
" 16...	339,345,900	97,072,200	33,419,400	389,902,600	9,804,000	33,015,960
" 23...	338,697,700	98,284,300	34,287,400	389,832,700	9,690,400	35,113,525
" 30...	337,934,700	100,212,700	33,432,400	389,954,700	9,559,600	36,156,425

The Boston bank statement is as follows:

1886.	Loans	Specie	Legal tenders	Deposits	Circulation
Jan. 2....	\$ 153,895,600	\$ 10,456,000	\$ 3,781,400	\$ 113,628,900	\$ 21,138,200
" 9.....	153,703,200	10,816,600	3,632,900	113,616,900	21,203,600
" 16.....	153,702,500	10,991,100	3,615,900	114,200,800	21,095,900
" 23....	153,834,400	11,302,900	3,745,600	114,234,300	20,775,100

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1886.	Loans	Reserves	Deposits	Circulation
Jan. 2.....	\$ 83,272,600	\$ 27,079,600	\$ 85,837,000	\$ 7,382,500
" 9.....	82,902,200	28,007,300	85,520,800	7,366,100
" 16.....	82,552,300	27,810,100	85,306,750	7,347,000
" 23.....	82,775,200	27,405,600	84,719,100	7,334,500

## DEATHS.

ARMSTRONG.—On January 10, aged thirty-seven years, FLOYD ARMSTRONG, Cashier of the Mount Holly National Bank, Mount Holly, N. J.

CHILDS.—On December 26, aged fifty years, CHARLES H. CHILDS, Cashier of the Third National Bank, Providence, R. I.

COAN.—On January 15, aged sixty-five years, WILLIAM F. COAN, President of the Clinton National Bank, Clinton, Iowa.

DEFREES.—On December 21, JOSEPH H. DEFREES, President of the City National Bank, Goshen, Ind.

GREEN.—On December 23, aged eighty-seven years, JOHN O. GREEN, President of the Lowell Institute for Savings, Lowell, Mass.

HOTCHKISS.—On December 16, aged thirty-one years, W. H. HOTCHKISS, Cashier of the First National Bank, Burnet, Texas.

JENNINGS.—On January 15, aged sixty-two years, WILLIAM JENNINGS, Vice-president of the Deseret National Bank, Salt Lake City, Utah.

KIDDER.—On January 28, aged sixty-three years, HENRY P. KIDDER, of the firm of Kidder, Peabody & Co., of New York City and Boston.

MABIE.—On January 1, aged eighty years, SYLVESTER MABIE, President of the Putnam Co. National Bank, Carmel, N. Y.

THE  
**BANKER'S MAGAZINE**  
AND  
**Statistical Register.**

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VOLUME XL.

MARCH, 1886.

No. 9.

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**BUSINESS AND CONGRESS.**

As our country becomes more populous and interests become more varied, difficulties in the way of National legislation multiply. Legislation on the silver question is the nearest illustration of this remark. The East is just as firmly settled concerning the true policy on this question as the miners of Colorado. Unhappily, however, the opinions of the two classes are diametrically opposed. The silver producers are directly interested in maintaining the silver coinage, or of increasing the use of silver as much as possible, in order to maintain the value of their product. Another class are in harmony with the silver men, although for a different reason, we mean the greenback or paper-money element, or, in other words, the party who believe in the largest amount of money possible, or, as they say, in "cheap money." Then there are the "gold bugs," so called, who believe in dear money; the creditor class, who also believe in dear money, and for the obvious reason that, the dearer money is, the greater is the value of the indebtedness owing to them. This brief reference to the various interests and classes interested in the question indicates clearly enough the difficulty in reaching a harmonious conclusion on this subject. All legislation is a compromise; always has been, and, always will be; but, obviously, the more numerous and diverse the interests are, the more difficult is the pathway of legislation, and also, we fear, of reaching truly desirable results.

One thing would seem to be clear, namely, so far as practicable, the nation should deal with general matters, leaving to the States and the municipal governments the regulation of affairs so far as

they can act more effectively than Congress. Of course, no hard and fast lines can be drawn between National and other legislation; nevertheless, Congress should seek to remand all questions possible to the State Legislatures, for even then more business will be left on hand than the National Legislature can finish.

Another way in which this diversity of interest manifests itself is in the clash between various business interests. For example, the shipping interest is very desirous of having a law enacted whereby it can purchase ships at the lowest price. The builders of ships and those furnishing materials for them, on the other hand, are equally strenuous in opposing such a law. The shipping interest says it is impossible for an American-built ship to compete successfully with one built in Great Britain. There is a difference of at least fifteen per cent. in price, and this disadvantage to the American shipowner destroys utterly all hope of profit. See, then, where we land in this contention. Without such a law, three interests are sacrificed—the shipbuilder, and the maker of materials, and also the shipowner. Is it not plain that, if we cannot support two interests by some legislation, it is wiser to support one than none at all? We repeat, if ships cannot be purchased at the lowest price, neither can we have any built; we must therefore either pass such a bill as is now proposed, or both interests must be sacrificed. The only way of escaping from this conclusion is to give bounties to American shipping, which shall offset the difference between the cost of American-built and foreign-built ships. This is one way of surmounting the difficulty. To this, however, there is strong opposition, and one reason is because the history of subsidies has been so painful. Had the results been more satisfactory, the people would doubtless be more willing to appropriate money in this manner. But it must be admitted that subsidies are now in disfavor, and it will take a long time to work up a strong interest in favor of them. On the other hand, if the privilege were granted of buying ships anywhere, it is confidently maintained that our commerce could be restored and be made profitable.

One fact that helps out this belief is, that having but very few ships, we could begin the work of building in the light of past experience with stronger hope of success than if we were hampered with a large number of ships unfit for service. About twenty per cent. of the British shipping is laid up, and the reason given is that the ships are too small for profitable service. Only a large ship can be built to run profitably. British commerce, therefore, is loaded to the water's edge with this large quantity of useless shipping, and millions of pounds are invested in it, whereas we, having but a few vessels, hardly worth mentioning, have no such load to carry. Therefore, if we were permitted to build the large vessels which are required, at the best advantage, those who are willing

to engage in the business have the utmost confidence of maintaining it with success. Anyhow, in view of the present condition of things, in view of the fact that we cannot do anything whatever under the existing legislation, why not try the experiment?—why not, at least, enact a law for the purchase of a certain number of ships and test the ability of the American shipowner to compete with foreign ships? Such an experiment could, as we believe, be safely tried. Certainly we ought to do something, and if the bounty system be too unpopular, why not try this?

Congress seems to be later and later every session in reporting measures growing in part out of the greater conflict of interests. This, on the other hand, gives less room for discussion, and yields immature legislation in the end. It is pretty difficult to prescribe a remedy. The one fact that is more apparent than any other is that Congress should remand to the States, as far as possible, all matters of legislation. Let no one suppose, however, that we are believers in the theory of Herbert Spencer, that the State has only one function to perform, the administration of justice. On the other hand, the functions of Government are widening more and more throughout the world. This is the clear unmistakable tendency of all civilized Governments. Many matters can be helped forward and regulated much better through the intervention of the State than through the might and greed and power of individuals and corporations. Hands off, is by no means the final doctrine and remedy, but it is none the less true that the National Government should be slow in acting, in view of the vast complexity of interests in our country and the increasing difficulty to legislate effectively for them.

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The agitation in England in favor of using silver as money to some considerable extent, has, within a few weeks, assumed serious proportions, doubtless in consequence of the dangerous condition of the laboring classes, induced by the long depression in business, and manifested by the recent mobs and riots in London, Birmingham, and other British cities and towns. The London Chamber of Commerce has called for a conference on the silver question, and important meetings in favor of silver have been held in Manchester. The *London Times*, of February 19, prints a paper from Earl Grey, proposing the issue of £1 notes to eke out gold, and the issue of certificates of silver at its gold value, to be a legal tender for all debts, public and private, up to a limit of £500 or \$2,500. There are strong British prejudices to be overcome before either of these measures will be adopted, but the agitation for them seems likely to be vigorous.



## IDLE CAPITAL.

Much of the unemployed capital in the country at the present time is becoming restive. For five years business has been declining, and new avenues have opened slowly for the investment of earnings. This has led to enormous accumulations in banks and trust companies. The people hold on to their securities bearing a low rate of interest, because they are unable to find other ways in which to invest in the event of selling. Nevertheless, we cannot help thinking that there are ways if people will only look a little more sharply and postpone dividends for a longer time on their ventures. The lands in our country, for example, belonging to the Government, fit for settlement, will soon be taken up, and of course when that time arrives, the price of land everywhere will advance. But there is an enormous quantity of land not fit for cultivation, which can be made so by the expenditure of capital. Along the Mississippi and other great streams, are millions of acres which might be reclaimed, possessing the richest soil in the world. All over the country, in truth, there are vast quantities of unoccupied land which, at no distant day, will be needed by settlers. It requires no prophetic eye to perceive that if such lands can be purchased at a reasonable figure great fortunes may be made in reclaiming and holding them for future sale. This kind of investment, however, is not popular, because people desire immediate returns for their money. Of course, only a portion of our capital can be temporarily sunk in this manner without causing distress; but we are rich enough now to invest a considerable sum in enterprises of this character which are likely to pay in the future. If our rich men would expand their vision a little and go into enterprises of this sort they would speedily find ways to employ all the surplus capital they have.

At the present time there are more than five hundred millions of railroad property undergoing foreclosure or readjustment. It must be that some of these railroads, at least, are wisely projected and will be profitable. They run either through a rich country, or a country that will become rich. What more rational thing than to put a portion, at least, of our unemployed capital into ventures of this kind. Why are not companies formed for this very purpose, to select railroads that have a reasonably assured future before them, and foreclose and properly adjust their affairs and put them in a good working condition and wait for the proper reward of the undertaking. This is precisely the time to form enterprises of this nature. Things are now at low water mark, and roads can

be bought with safety and restored, and great fortunes be made in a few years.

One reason for hesitating in these undertakings is that they are out of the regular line of their business, persons say. A banker, for example, will say that if he invests in an enterprise of that kind he must do so wholly on faith as he has no knowledge whatever of the soundness of such of an enterprise. An ordinary investor will say the same thing. He feels his incompetency to form a rational judgment concerning such a property, and his excessive caution therefore leads him to desist. It seems to us that companies might be formed combining the requisite talent for determining the worth of such property that would be very profitable in the end. Certainly there are plenty of men possessing experience in railroad management, and who understand the worth of railroad properties, who might be induced to join boards of direction, and who would be willing to make such investigations as would be needful in carrying on a business of this nature. We think that our capitalists are perhaps too timid at the present time. If they took a little larger view of matters and sought to ally themselves with others possessing experience different from their own but whose success is proof of their ability, they might find ways of investing their capital at a good profit in the end.

Furthermore, another class are unwilling to put their money out of their sight. If they live in big cities they wish to have their money where they can see it. This in many cases is a mistake as it is often much safer to invest in a city or place a thousand miles away, which is growing rapidly and where people are making money and are truly prosperous than it is to invest in one of the old places where competition is very close and where the ledgers foot up on the wrong side. This matter is worth the attention of those who are looking around for employment for their money. If they will open their eyes a little more widely and look further, and are willing to form new associations, they will certainly find ample employment for every dollar they have.

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## THE CAUSE AND PERIODICITY OF COMMERCIAL CRISES.

We shall attempt to answer as succinctly as possible the question "Whether any reason can be given for the periodical recurrence of crises, or any explanation of the term of ten or eleven years." This question was put and an answer given in the third article on "Periodic Commercial and Financial Fluctuations Considered in their Relation to the Business of Banking," which appeared in the last three numbers of the *BANKER'S MAGAZINE*. These very instructive articles on a topic concerning every business man and commanding still greater attention yearly, contain much fruitful data and many suggestive conclusions. It is not, however, our object to dissent from the views expressed therein, because, so far as the question is treated, the reasoning is unusually strong. Still, we think another explanation than solar variations can be given for the periodicity, and another than a decreased wheat crop for the panic itself.

There can be no doubt that the deductions of Professor Jevons, which connect the earth's crops with solar phenomena, are both logical and accurate; but, in attributing our commercial fluctuations to solar fluctuations, we meet with this difficulty, viz.: that the panic does not regularly follow a poor crop, nor does a business boom regularly follow a good crop. They may, but as a rule they do not. The panic as often follows a good as a poor crop, and a business boom is attributable to causes widely separated from crops. Conceding the proposition that the cost of *an* article of necessity, for instance, food, determines the residue of purchasing power that can be exerted upon the consumption of other articles of necessity, it is conclusive that the cost of *any* article of necessity will have a like effect. By taking the four necessities—food, fuel, clothing and shelter, we shall see that the cost of clothing will determine the amount of consumption, not only of that necessity, but of the other three, and presupposing the production of a fixed quantity of these four necessities, when the cost of one is increased the cost of the others must be relatively decreased to prevent a lessened consumption, resulting in that commercial condition characterized as *over production*.

An annual income of \$1,000, we will say, is expended in this way:

Food.....	\$ 450
Fuel.....	50
Clothing.....	100
Shelter.....	300
Incidentals.....	100

Now if a good crop reduces the price of food to \$400, \$50 can be saved, or, as is usually the case, it can be expended for a larger supply of the other necessities, and if shelter is reduced \$50, then \$100, instead of \$50 can be saved or expended. But if a reduction of \$50 in the cost of food is met with a like advance in the cost of shelter, the consumer with a purchasing power of \$1,000 is not benefited by the good crop, for he can neither consume more nor save more than before; and further, if the cost of shelter is advanced more than the cost of food is reduced, or if the cost of shelter is advanced at any time, whether there is a good or a poor crop, our consumer is obliged to purchase less fuel, clothing, food and incidentals than before, and he does all of these until the cost of these necessities is reduced to correspond with the advance in the cost of shelter. By the cost of shelter we mean *rent*, and, as we hope to prove, all our panics and periods of stagnation, over production, bad railroad traffic, low rates of interest, etc., are determined by the rise and fall in rents. Let us examine this term rent, and then we shall be able to trace its influence upon every branch of commerce. A man, living up town, does business down town. The price paid for the use of his house, of his office, store or factory is rent. A farm cultivated on the shares is a rented farm. The price of unimproved property is rent paid in a gross sum in advance. Rent acts upon the commercial machinery as the governor on the engine. When rents are high, we have "hard times"; when low, we have "good times."

Fifty per cent. of our population are agriculturists, and fifty per cent. of these are tenant farmers who pay rent; 16,000,000 wage-workers in the United States earn, on an average, but \$400 a year. An ever-increasing majority of these wage-workers pay rent, instead of owning their own homes. We see here what a tremendous power, for good or evil, our American landlord wields; how, when rents advance, such a large body of our consumers are obliged to economize in every way to pay their rent. We not only see our 16,000,000 wage-workers burdened by the rent they pay for the few miserable rooms the majority of them are compelled to occupy, but rent is added to the cost of every article consumed.

If we look back over our wheat crops of recent years we shall find what I have said about the poor crop not preceding the panic, to be true. The great crash of 1873 was followed in

1875-76 by a crop of.....	292,000,000
1876-77 by a crop of.....	298,000,000
1877-78 by a crop of....	364,000,000
1878-79 by a crop of.....	420,000,000
1879-80 by a crop of.....	448,000,000

We had unusually "good times" immediately following these two fine crops; but let us not stop with them.

In 1880-81 we had a crop of.....	498,000,000
In 1881-82 we had a crop of.....	380,000,000
In 1882-83 we had a crop of.....	504,000,000
In 1883-84 we had a crop of.....	420,000,000
In 1884-85 we had a crop of.....	512,000,000

For the two years preceding the May panic of 1884 we had the largest wheat crops ever produced in the United States, and yet the panic came. True, our exports were not as large as in 1879 and 1880, but this does not furnish sufficient explanation of the crash of 1884. The good times of 1879-82 had scarcely opened before real estate began to advance by leaps and bounds, until it more than offset the good crops of those years. In fact it discounted the large crop of 1882-83. Vacant lots in the Northern Pacific Railroad region doubled in value in single weeks, farm land in the Mississippi Valley States advanced \$2 and \$3 an acre in a single month, while rents in our centers of population were raised from ten to fifty per cent. The landlords of the country swept into their laps all the prosperity that followed their good wheat crops. If we note the present price of real estate in the United States, we shall get some idea of the advance that has been made all along the line, though in many instances, owing to local causes, it has depreciated and brought disaster to the owner or speculator.

The BANKER'S MAGAZINE noticed recently the purchase made by the Gallatin National Bank of the lot 34×105, at No. 34 Wall Street, the price paid being \$400,000. At the time of the purchase two small, old buildings stood there, but these have since been removed, and the lot is vacant. Certainly, the lot, as it stands now, is worth as much as before the buildings were removed, so that our \$400,000 represents the price paid by the Gallatin National Bank for the *privilege* of putting up a building on so small a portion of the earth's surface. If a \$400,000 building is erected, and a part of it rented as offices, the Gallatin Bank will succeed in distributing the enormous cost of this privilege. Still the fact remains that about \$24,000 per annum (*i. e.*, six per cent. net on the cost of the lot) must in this one instance go for shelter that might have gone for other necessities, and swelled the demand for the products of capital and labor. Another significant feature of this transaction is, that the vendor of this lot, merely by a defect in our land system, has, by transferring the use of matter which he did not create or add value to, succeeded in pocketing this \$400,000, or \$24,000 per annum. In other words, he has taxed our commerce just that much. Lest we overlook the import of this transaction, by reasoning that this vendor paid his vendor something for the lot, and in selling it again, merely received back the amount invested, just as he would in any transaction, we will cite a case in which the present owner of a piece of New York City property has held for eighty-three years. In 1802 the Mechanics and Traders' Society of New

York purchased from ex-Mayor Varick the 25X99 lot on the northwest corner of Broadway and, what is now, Park Place. The cost of this lot at that time was \$11,500. We have had a great many panics in the past eighty-two years, and this lot has kept advancing in value, until to-day, with the same improvements it had in 1802, it is worth \$200,000. Rented at six per cent. net on this valuation, the society has an income on its investment of over 100 per cent. per annum. The rental value of that property more than returns every year the investment in 1802, and it may be said that in the past eighty-three years, exclusive of taxes, insurance and repairs, it has paid for itself fifty times over, and yet it has not depreciated in value on account of wear and tear as other property does. Besides this, its rental value increases with the growth, not only of New York, but with the growth and increased productivity of our country. Every grain of wheat raised by the Western farmer, every ton of coal or iron taken from our mines, every stroke of the hammer, or throb of the engine, every mile of railroad built into new territory, every immigrant landing on our shores will add value to this property; for, as an instrument of taxation, its power increases with the increase of the population and their ability to stand the tax, and its value is determined by the share its owner can get in rent from the annual product of the country. If it be said that the owner can get no more than the market price, regulated by competition among landlords and tenants, we answer that land is not subject to competition. There is but a certain quantity of it, at present some thirty-seven acres for each man, woman and child in the United States. We have plenty of land both for building and farming purposes, but our land speculators, by locking up large portions of it practically reduce our area and the effect upon our commerce is just the same as though twice our population were compelled to exist on half our present territory.\*

I have cited but two cases, in thousands, in one city of the country. The rule that all the wealth produced by capital and labor merely adds to the value of real estate and accrues to the landlord is of universal application. Vacant lots on the outskirts of New York are held by the land speculator at from \$20,000 to \$50,000, while unimproved farms in our cis-Missouri States are held at from \$15 to \$25 an acre. The price of Western land drives our population into the cities, where ten laborers compete for one job, while the price of vacant lots, practically prohibiting men of ordinary income from owning their own homes, drives the population into the tenement-house districts, where they become the prey of the landlord, who takes "all that the traffic will bear," and the more he takes the harder the manufacturer, the railroad operator, the banker and busi-

\* 20,647,000 acres are owned by non-residents. Three American railroads own 107,000,000 acres. Three native landholders own 6,500,000 acres.

ness man find it to employ their capital.\* Whenever the landlord raises his rent, which has the same effect as a boycott, the whole line from the smallest retailer to the largest manufacturer find it more difficult to do business. The want of the market, that has thus been stifled, chokes up every avenue of trade and over-production is the result.† It is at this period that failures commence, that distrust permeates the financial world and that the crash comes. The manufacturer keeps his mills in operation, hoping for "better times." More of his paper is discounted, that is, a larger sum of the bank's money is turned into goods (which explains the decreasing reserve preceding the same); but the boycott is not removed. His paper goes to protest, he makes an assignment, some of the banks fail, while others manage to bridge over the difficulty. But, with the bursting of the bubble, or the snapping of the traces, in trying to pull this heavy load, the difficulty does not cease. The burden must be carried, and the laborer, finding his wages reduced, consequent upon his employer's efforts to revive his market with "panicky prices," sinks to a still lower depth of poverty and helplessness.

This state of things continues until one or both of two things happens. A good crop must bring the consumer's purchasing power up to where it was previous to the advance in rent, or rents must be reduced, though not necessarily as low as before the advance. A larger acreage of wheat, with extremely low prices, will to some extent offset the harm caused by a rise in rent; but, generally, the tenant class find a way to economize in their rent, and this, more than anything else, increases their purchasing power, stimulates demand, and revives trade. Failures in business cause a large number of stores, factories and offices to become vacant. Those who do not fail outright move into smaller quarters. In the residential portions families, who formerly occupied large houses, move into smaller ones, the occupants of small houses move into the larger flats, the occupants of these into smaller flats, and these into tenement houses, where we often find whole families crowded into one room. In the business portions the same shrinkage takes place. Business men vacate floors to take single rooms, and former occupants of rooms get along with "desk room" only. After the population has settled into its smaller quarters, we will find on all sides the notice of the real estate agent: "This house to let," "This flat to let," "This store to let," "This office to let," and as no tenant comes the landlord begins to reduce his rents, and the fiercer the competition the

\* One of New York's largest estates recently purchased \$1,000,000 worth of land, near the new parks, and afterwards paid other owners near by \$25,000 for corner and \$10,000 and \$15,000 for inside lots, in this way placing a value on the land previously purchased by it.

† New York City estates range in size from 7,700 buildings down to 100 buildings, four to six-story tenement houses composing a percentage of each.

more he reduces, until gradually everything is filled up again. A circumstance favoring the competition among landlords should be noticed. Hard times oblige some of the weaker land speculators to let go their holdings, the builder comes along, and material and labor being cheap, and money at low rates, whole blocks of new buildings go up, low rents are offered to get tenants and then the "boom" commences. A few years of prosperity and the climax is reached; rents begin to advance, and the same old round is gone over again. The ebb and flow of this commercial tide usually takes ten years, though we think the tendency has been toward a shorter period, or a less disastrous crash happens between the heavier ones that come a decade apart. Panics come more frequently in England, because land there is not so generally distributed as here (30,000 landholders to 40,000,000 people), and the rents can be advanced and the market cut off more quickly than in America.\*

From what I have written it follows that Mr. Woodward errs in stating that the government fixes rates of interest. Up to the legal rate supply and demand govern, and the volume of trade regulates supply and demand in the money market. The lowest rate the Government has yet offered is three per cent., and "threes" before the last call were selling at 105, while the market for fours is now (February 17th) 125¼. Money has been very plentiful at 1½ per cent., and even at one per cent. during the past year. The Government could as well regulate wages as interest. Mr. Stickney touches the secret in claiming that Colorado would be glad to get money at ten and twelve per cent. That is because land is cheaper there than East, and labor is also better compensated there. In our calculations we are too apt to consider capital and labor as the *only* factors of production, while the real factors are *land*, labor, and capital. The wealth produced in a given time by these three factors must be divided as rent, wages and interest, the last two always going down as the first goes up. We cannot escape this conclusion.

The remedy, then, must be sought in placing a limit beyond which rent cannot advance. This is practicable and just. Rates of interest are legally limited, wages are kept down almost to the starvation point by a superinduced competition, railroads are continually undergoing re-organization—that process of adjusting fixed charges to reduced income—while the foundations of our Government are threatened by the pressure which competition brings to bear upon our half-clad and under-fed laborers. The remedy is one that each State must inaugurate. It is not a National question, excepting in the sense that the National Government should fix the selling price of the land still in its possession. With a fixed rate of rent the uncertain ele-

\* The influence of rent on the purchasing power of the population is evidenced by the fact that England consumes but twenty bushels of wheat per capita per annum, while the United States consumes forty bushels.



ment in business would be entirely eliminated, the country would advance with increasing prosperity, while the incessant conflicts waged between capital and labor would wholly disappear from the scene.

JAMES P. KOHLER.

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### FINANCIAL FACTS AND OPINIONS.

On the 24th of December, 1885, all the National banks held, in gold (including Treasury and Clearing-house gold certificates), \$156,353,592; in silver dollars (including silver certificates), \$6,940,628; and in fractional silver coin, \$2,060,177. Their total silver money was therefore \$10,000,805, or less than one-fifteenth of their gold money. In addition, they were the holders of 1,671,208 trade dollars. The New York City National banks, on the same 24th of December, held, of gold (including certificates), \$76,570,137; of silver dollars (including certificates), \$630,106; and of fractional silver coin, \$379,174. Their total silver money was therefore \$1,009,280, or about one-seventy-sixth of their gold money. The full-tender silver money (both coin and certificates) held by the New York City banks would only furnish between one-third and one-fourth of the money paid into the New York Custom House every week, all of which money may be in silver (coin and certificates), if the parties paying choose to use that medium of payment. It is plain, from these figures, that the National banks generally, and the New York City banks in an especial degree, reduce their holdings of silver to a minimum, and keep their metallic reserves substantially in gold. They violate no law and no duty to the public in doing so, and they are no doubt prompted to do so by a growing apprehension that the silver coined dollar may, within some near period, fall to its bullion value. But it is one of the consequences of this course of conduct on the part of the National banks, and of the State banks as well, in connection with the locking up 140 or 150 millions of dollars of gold in the U. S. Treasury, that there is substantially no gold in circulation, and that in large parts of the country a gold coin or a gold certificate is never seen by the people. As we are informed and believe, there is a genuine apprehension in such regions that if silver coinage is stopped, all the metallic money will be the gold locked up in banks and public treasuries, and that the masses of the people will then have no money at all, except such circulating notes as bankers may at their discretion supply, inasmuch as the withdrawal of the greenbacks is constantly proposed in influential quarters, and is believed to be a possible and even probable event. It is unfortunate that these apprehensions of a total loss by the people, of any metallic money

if silver should be taken away, should exist, as the result of the fact that gold has so largely disappeared from use in the actual circulation. It is a serious question whether it is not for the interest of bankers to allay such apprehensions by freely paying out gold, so that the people can see and handle it, and can thereby be made to feel and realize that it is within their reach.

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During the calendar year 1885, the favorable balance of our foreign merchandise trade was \$101,295,050, as compared with a favorable balance of \$120,104,568 in 1884. Our merchandise imports were \$41,710,354 less in 1885 than in 1884, while our exports were \$60,519,872 less in 1885 than in 1884. As the decline in our grain exports was mainly in the last half of 1885, and may be expected to continue during the first half of 1886, it is not expected that the favorable balance of our merchandise trade will be as much as \$100,000,000 during the current fiscal year ending on the 30th of next June. To this balance, whatever it may prove to be, will be added our net export of silver, which is now about \$15,000,000 annually, and is likely to remain at that figure for some time, aside from possible changes in our laws regulating the coinage of that metal. Out of the favorable balance of our foreign trade are to be taken our annual interest account payable abroad, commonly computed at \$50,000,000, the expenditures of American travelers in Europe, and the excess of freight which we pay to foreign ships over and above the freight earned abroad by American ships. On the other hand, the favorable balance of our foreign trade is supplemented by the unknown but in the aggregate large amount of European capital transferred to the United States, by immigrants and otherwise. Some of the elements of the calculation are largely conjectural, but we certainly know by experience that with a favorable balance of foreign trade approximating to \$100,000,000, there is no other danger of an export of gold, except that arising from the return of our securities from Europe, and it must be always remembered that, being a gold mining country, we can export \$20,000,000 of gold annually without reducing our stocks.

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In 1880, the raisin crop of California was only 1,700 boxes, all raised in Los Angeles county. In 1885, the crop of that county was 230,000 boxes, and of the whole State 350,000 boxes, but this is only one-twentieth of the consumption in the United States. The product in California is rapidly increasing, although it is kept back by the fact that it takes six years before a vineyard can be got into full bearing. Without the duty of two cents on foreign raisins, the home production would not have been commenced, and would now be abandoned. If it turns out that all the raisins we consume shall finally be produced at home, the *doctrinaires* will

fill the country with their lamentations over the loss of foreign trade with Spain and other raisin-growing foreign countries. They will never be able to see that in that case we shall have substituted for a foreign trade in raisins, of which we have only one side, a domestic trade of which we shall have both sides and all the transportation.

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The Commissioner of Pensions states that the payments under the Arrears of Pension Act, passed in the winter of 1879, had amounted at the end of last year to \$179,404,870, and that the further payments to be made on claims filed before July 1, 1880, will probably amount to \$80,464,100. If the limitation of the original Act, cutting off claims not filed before July 1, 1880, is repealed, his estimate of the payments on the additional claims thus made admissible, is \$302,836,200. In that case, the total payments under the Act will be carried up to \$562,700,172, although, when the Act was passed, Congress was assured that the cost of it would be only about \$25,000,000. From the \$80,464,100 of further payments under the Act as it stands, there is no escape, and it is also quite possible that the limitation of the original Act will now be repealed. The Republican party has committed itself to support such a repeal, by a resolution in the platform adopted by its National Convention of 1884, and for that and other reasons the Republican members of the present House vote pretty solidly for such a repeal. The Democratic members of the House, being now the Administration party, and more responsible for the Treasury, seem inclined to oppose the repeal, which makes the final result somewhat doubtful. It is a question of the first importance as affecting the financial situation of the Government, whether the future payments under the Arrears' Act shall be \$80,464,100, or shall be swollen to \$383,300,300. In that case, some additions must be made to our revenues, or we must give up all such projects as expending \$125,000,000 upon fortifications, creating a great navy, etc., etc. During the first seven months (ending with January) of the current fiscal year, the surplus revenue is reported officially to have been \$41,082,786, or at the rate of \$70,427,751 for the year, of which \$45,000,000, at the lowest estimate, is irrevocably pledged to the sinking fund. If we take the Executive estimates of revenue and the Executive recommendations of appropriations for the next fiscal year, they leave a surplus which is inadequate to meet the requirement of the sinking fund by the large sum of \$24,589,552. Under all the circumstances and surroundings of the case, nothing can be more wild and senseless than the clamor of so many newspapers and politicians in favor of reducing the public income. Are we to witness in this Congress, as we did in the last, a heavy vote in favor of repealing all the internal taxes?

According to the official statements, there was in France an excess of imports of silver (coin and bullion) over exports, amounting in 1884 to 54,726,350 francs, or \$10,945,270, and in 1885 to 98,370,234 francs, or \$19,672,042. The excess of imports of gold (coin and bullion) over exports was 45,548,739 francs, or \$9,109,746 in 1884, and 42,391,148 francs, or \$8,478,274 in 1885. The accuracy of these figures cannot be entirely relied upon, as more or less gold and silver must cross the French land frontiers, in and out without the observation of the custom-house officers. It is certain, however, that France, having no mines of gold and silver, must be a constant absorbent of both these metals for manufacturing purposes. The silver money of France cannot be exported except to the other States of the Latin Union. Its gold money is exportable anywhere, but is in fact kept at home in full stock by the course of its foreign trade, the balances of which are ordinarily and on the whole favorable.

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The English are by habit and disposition a people slow to be moved from old ways, but they are capable of occasional sudden changes, as has been shown during this century several times, and particularly in respect to Catholic Emancipation, and to the complete substitution of free trade for a protective system, which had been maintained during generations with features of rigidity and severity never surpassed in any country. It seems probable that the prevailing severe depression in agriculture, trade and industries, and which is felt in its full force in Great Britain and Ireland, will give us new examples there of abrupt changes of public policy. It is within half a dozen years that a great Tory leader, Lord Derby, was publicly advising the English people against going away from home, but on the occasion of the London riots, in the early part of February, the *London Times*, always the organ of the English aristocracy, was heard exclaiming that "the government must organize a system of emigration." Many signs indicate that we are on the eve of witnessing a complete upsetting of the land laws of Ireland, and great and nearly simultaneous changes in the same laws in Great Britain. On the 22d of January we find the same newspaper, after declaring that grain is now lower than ever before during this generation, and that the raising of grain at existing prices cannot "be continued by any known expedient in Great Britain," proceeding to say that in view of a "wholesale depopulation of the arable districts," it is not surprising that the Chamber of Agriculture should have invited a discussion of "the expediency of an import duty on corn, sugar, and manufactured articles from foreign countries." For years, and close down to the present day, the *Times* has always been in the front rank of orthodox British opinion, that free trade is the only known

and sovereign panacea for all human ills, but it seems now on the point of being ready, not only for the restoration of the corn laws, but for a protective duty on sugar, so as to give farmers a chance to live by raising beets, which all Englishmen have been denouncing for seventy-five years as the worst folly of the first Napoleon, while time has been vindicating it as one of his wisest acts. The governing men of England are not surpassed in courage, ability, and attention to public affairs by the aristocracy of any country in the world. It may have been wise for them, certainly in respect to their own interests, to be content hitherto to let things run along in the old ruts, but it will not be surprising to see them prompt and competent to confront new and great emergencies with adequate and courageous measures.

In January, upon the occasion of the presentation of bimetallic memorials in the Prussian Diet, the Prussian Minister of Finance spoke at length in opposition to the memorialists. The first accounts as to what he said varied a good deal, and some of them were flatly contradictory, but it is now certain that he took decided and even extreme ground in favor of the single gold standard.

On the other side, there was on the 11th of February, in the German Imperial Parliament, a majority of 145 to 119 for resolutions in favor of a re-examination of the monetary question, in order to determine whether Germany ought to persevere in its movement towards gold monometallism or establish the double standard. These resolutions were offered and supported by the Conservative party, the strength of which is in the agricultural interest, and with which party Bismarck has acted for several years. The resolutions were opposed by the National Liberal party, which controls Berlin, and is supported by the commercial and financial interests. Speaking generally, the land interests are for protection and the restoration of silver, while the commercial interests are for free trade and gold. At this distance, it is difficult to estimate the comparative strength of these opposing interests, or to predict with any confidence the final result of the contest between them. Naturally, in this country, where nearly everybody deplores the fact that Germany was induced in 1871 to disturb the monetary situation by decreeing a gold standard, there will be general satisfaction if it shall now retrace its steps. But our wishes will not control the result, and we have only to await with patience the issue of the struggle which is going on in Germany.

In the French Chamber of Deputies in January, the attention of the Cabinet was called to the propriety of making renewed efforts for an international arrangement for the general monetary use of both the metals. The Cabinet replied that there were no indications that such a movement would now be successful, and the matter was thereupon dropped. There is, of course, no doubt about the dis-

position of France, which will always be ready to join in arrangements which will put silver in a better position, inasmuch as it has an immense amount of it in actual use, which it cannot dispose of without enormous direct loss, and which it cannot spare from its circulation without absolute ruin, inasmuch as the gold to take its place can nowhere be found. Whether France and the Latin Union would be ready to resume the free coinage of silver in conjunction with the United States, nobody knows, or can know, until this country indicates its assent to such an arrangement, which the Garfield administration is believed to have negatived in 1881, and for which the present administration is not now supposed to be ready.

The bill agreed upon at Washington by the Committee of Ways and Means, to limit the cash balance in the Treasury to \$100,000,000, is likely to pass Congress, and will, we think, be generally acceptable in conservative circles. Mr. Sherman, who first had the responsibility of determining the amount of this balance, having reference among other things to the security of the continued redemption of the greenbacks, fixed it at forty per cent. of the greenbacks, or about \$138,500,000, and this precedent was followed by his successors Windom, Folger, and McCulloch. We always maintained that Mr. Sherman did not fix it too high in the first instance, although we did not hesitate to suggest, after it had become evident that the convertibility of the greenbacks had become established and the calls for their actual redemption had substantially ceased, that he might safely reduce the amount of the balance. The reasons for reducing it have since become stronger with time. General Warner's proposition to now reduce it to \$50,000,000 seems extreme and somewhat hazardous, but the proposition of the Committee of Ways and Means seems entirely safe. It is a great recommendation of it at this particular time, that, by applying the excess in the Treasury beyond \$100,000,000 to the reduction of the debt, we shall diminish the temptation to extravagant appropriations.

It is true, that if, in the event of the passage of the bill, the Secretary of the Treasury does not see his way clear to purchase some of the outstanding fours, and only calls the threes, there will result a considerable reduction of the bank-note circulation. To the banks themselves, this is a matter of indifference, as it is doubtful if they make any profit on their circulation. But there is doubtless an apprehension in some quarters that the loan markets may be cramped by a reduction of the bank notes. On this point, however, it must be remembered, that *pari passu* with this reduction, there will be an increase of loanable funds, arising from the payment of money now locked up in the Treasury. Taking the two things together, we doubt if there is any ground for fearing that the whole operation will produce any monetary stringency.

In London, February 23, there was an invited conference of the London Chamber of Commerce with the representatives of other similar bodies in Great Britain. The meeting resolved by a vote reported to be "nearly unanimous," that "the depreciation of silver and its present tendency toward disuse as money, are disturbing trade generally, and England's Eastern commerce in particular." Among other resolutions adopted was the following:

We urge the Government to unite with other countries in an endeavor to restore silver to its former functions as a legal tender, thereby giving it a permanent instead of a fluctuating value.

As the attitude of England has been heretofore the chief obstacle to international bimetallic arrangements, its consent to be a party to them would ensure their success.

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## BUSINESS AND THE TARIFF AGITATION.

The business interests of the country are slowly but surely recovering from the depression, by which they have been crippled or ruined. Industry has caught its breath, the circulation of the commercial body is nearly restored, and, with a stoppage of silver coinage, the country will soon be upon its feet again, if Congress will keep its hands off the tariff for another year. Above all things, our manufacturing interests need to be let alone by the lawmakers, until they not only can stand but walk.

It is not from foreign competition that our industries are or have been suffering, but from excessive home production. Neither is it by high prices of our home manufactures that consumers have become impoverished, but by the lack of profitable employment for capital and labor. Employment for idle hands and money is what the country wants first of all. Give it this, and all will be content to wait for "tariff reform," except its High Priests and the Levites, who have nearly twisted the handles off its organs in their frantic endeavors to "work up a public sentiment" in advance of the action of Congress that would be favorable to their schemes. In doing this they have appeared as regardless of the business interests as have the El Mahdis of protection of the fact that we are just recovering from the last of the two worst periods of depression, following two of the wildest speculative inflations the country has ever seen during the quarter of a century that we have "enjoyed the blessings" of a high tariff.

Foreign competition has been excluded during all this time, except when speculation ran prices so far above a normal and legitimate profit to our manufacturers, that foreigners could undersell them, in spite of the tariff that subsidized, but did not protect.

Meantime, excessive profits, which would have been impossible under a moderate tariff, have enormously increased our productive capacity, until the majority of our manufacturers are in greater danger of being ruined by home competition under a high tariff than by foreign competition under free trade. This is evident, from the fact that they are compelled to accept artificially lower prices on each depression than they are able to command artificially higher ones on each inflation, than they would be if left wholly unprotected. The must necessarily be, because, on the "booms," prices are invariably carried to a point that tempts enormous importations of foreign goods, which check the advance, and are then held here on a declining market, until their forced liquidation drags our manufacturers lower than they would otherwise have gone. The country is now recovering from just such a liquidation. It is gradually returning to its normal basis of values, namely, natural supply and demand, which would always obtain, were it not for these artificial markets, caused by high tariffs, and the speculation stimulated thereby. If, therefore, Congress will let the tariff alone till this recovery is complete, the cause of our industrial disease can then be removed without a shock to the system, which it is not now able to withstand.

High protection acts upon the industries of a country like brandy upon the human system. It unnaturally stimulates the circulation, over-excites the nerves, and over-exerts the muscles and sinews, in times of prosperity. The higher the tariff, the greater this stimulus and more protracted the industrial spree, the more violent the reaction, the more complete the collapse and the longer the recovery. There is no escape from the swelled head, the weak stomach, the unsteady nerves and the feeble circulation, once this protective brandy is taken into the system in allopathic doses. Herein lies the reason that highly-protected countries have wilder and wider speculative inflations and more protracted periods of depression than low tariff or free-trade countries. The extremes of good and bad times are so much greater that it takes the pendulum of trade longer to swing from one to the other. On the other hand, however, free trade can never bring industrial prosperity to any country unless it has had good protective nursing in its infancy. The very first law of nature is protection. The child must be carried bodily at first, and fed with bottles and spoons. Then it creeps, until it can stand by holding to supports, and finally till it can walk alone. From the maternal or infantile age he passes to the youthful, or paternal period, of training and preparation for going out into the world, to take care of himself, upon arriving at manhood. This is the kind of protection a nation needs with a tariff adapted to the resources, age and stage of a country's industrial development. After attaining maturity, "every tub should stand on its own bottom," or



give place to one that can. The public cannot be taxed forever to support a sickly or crippled industry that can never repay the cost of establishing it. If a farmer has a strong and healthy calf that will be a source of income when grown, he raises it; but no feeble or crippled animals, to be forever a tax or source of loss instead of profit. Just so should protection be given or withheld to each industry, upon its own merits. It is simply a matter of business with the country, as it would be with an individual. Will it pay in the end to foster this or that industry? If so, then protect it till it can secure its plant, improved machinery, skilled labor, and a market for its products. Then withdraw protection, little by little, until it can live without. When that point is reached, it is simply a subsidy to tax the community further for its enrichment. There can be no sentiment about this matter so long as foreign labor is permitted to come here, or is imported by our manufacturers, to keep down the price of domestic labor. There is no more patriotism in this than in the sutler who follows an army, for what can he make out of the soldiers, or out of the country, or out of both. So much for the arguments of the advocates of high protection.

On the other hand, the free traders are clamoring for a "tariff for revenue" only, when free-trade nations have gone and are still going back to protection to save themselves from the excessive competition of protected America. Here is a pretty state of things—a comedy of economic errors and midwinter *doctrinaire* madness. Had either side the honesty to admit this, and the capacity to discover and apply a remedy to the existing evils, without regard to party advantage or traditions, there might be some excuse for the present agitation and some hope in this Congress. But these blind leaders of the blind had rather take their followers and the industries of the country into a ditch, than that they should be saved by any other remedies than their own. What is first needed is to ascertain the truth and the facts, and there will be time enough to devise and apply a remedy afterwards. The trouble is not now in production nor price; but in consumption, home and export, both for raw materials and manufactured goods. How can this be increased? This is the question for the present Congress. No changes in the tariff now, would do it. Rather they would destroy what we have, by throwing capital and labor out of employment while these changes were in suspense. But anything that will increase the employment of capital and of labor will immediately increase consumption, which is the source both of wealth and prosperity, and not production. All the products of capital and labor are valueless, unless there is a consumptive demand for them. They are more than useless to keep; they are a tax. It is the consumer that gives the value to everything. But,

in order to consume, he must produce something which he can exchange. To produce, he must have employment. Lack of employment and widespread idleness is therefore the root of our present troubles. Let Congress pass such laws as shall give capital confidence to employ the idle, and leave the tariff alone until this is accomplished, and it will earn the gratitude of the entire business community. Meantime, let it appoint a Commission of Experts, to ascertain before next session how much, if any, reduction can be made on each article by itself, and still control our home market. Let that report be made the basis of a Tariff Bill, to be passed next winter, as final; after which, this vexed question shall be left to rest, until another similar reduction is possible, and not brought up at every session of Congress to throw our entire industrial interests into a state of suspense and disorder, such as is now experienced every winter, to the incalculable injury of the entire business interests of the country.

H. A. PIERCE.

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## COMMERCIAL EXCHANGES OF THE UNITED STATES\*

### CHAPTER I.

#### ORIGIN OF BUSINESS ASSOCIATIONS.

Festivals and Fairs among the Ancients—The Spirit of Speculation Aroused—Holy Pilgrimages an Impulse to Commerce—Business Customs among Ancient Nations: Their Markets and Periodical Assemblages—First Commercial Meeting in Rome—Tradesmen's Guilds during the Eleventh to Fifteenth Centuries—The Old *Bourse* of Antwerp—Royal Exchange of London—*Palais de la Bourse* of Paris—Exchanges in Continental Europe—The Parliament House of the Cotton Lords—Hours of High Change in the Chief European Boards of Commerce—Speculation in England during the Seventeenth Century—Formation of the London Stock Exchange.

An Exchange is popularly defined as a place where merchants, brokers, and bankers meet in a city to transact business at certain hours. This is but a partial definition, as the term is now most commonly understood. It has taken a wider significance, as methods of business have changed and developed. It is applied now not only to places where merchants and others meet to transact business, but also to institutions and associations for gathering the earliest intelligence in matters affecting commerce, public finances, and many other features forming the basis of commercial transactions. Such institutions become at once convenient resorts for merchants or factors engaged in the particular line of business or trade to which they are devoted.

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The term "Exchange" is only one of several equally as popular titles by which these institutions of trade are known. "Board of Trade" and "Chamber of Commerce" are often used, and are quite as expressive. In Continental Europe other titles are applied to these commercial associations. In Germany the word *Borse*, in France and Belgium *Bourse*, and in Russia *Briza*, are the distinctive appellations. According to one tradition, the first meeting of merchants for trade took place at Bruges, in Flanders, and in the house of a family named Beurse, or Van der Beurse, and hence the derivation of the words now used in that country. Another theory which prevails with some is that the first exchange was held at Amsterdam, in a house which had three purses hewn in stone over the gates, and from that circumstance the word *bourse* was derived.

These early gatherings were, according to the best information now to be obtained, during the sixteenth century. However that may be, we can trace the origin of trade associations almost as far back as history gives any insight into the customs of civilized nations. It was customary with the Hebrews, Egyptians, Greeks, Tyrians, Phœnicians, Carthaginians, Romans, and other ancient nations, for the tradespeople to gather together for purposes of traffic and speculation. Evidences point to the fact that, in many cases with those ancient nations, these commercial gatherings were the chief means for the transaction of business. Although those ancient assemblages bore but slightly the appearance of a modern *bourse*, or exchange, yet the motives which prompted them were not unlike those that inspire our merchants and tradespeople of to-day in their mercantile assemblages.

History points to the early establishments of festivals and similar gatherings. These festivals were organized primarily for purposes of worship, to keep alive in the minds of the people their religious and secular duties. But they were also a powerful influence in promoting trade and commerce. While attending the festivals, those persons inclined to a spirit of speculation sought to supply the assembled multitudes with the necessities of life. By degrees various articles of trade were added to their stocks, and many soon seized upon the idea of making their holy pilgrimages avenues to their commercial prosperity. People from various parts of the country, in which the sacred festival or other gathering was held, and often those from other countries, would bring their products and manufactures hither for the purpose of sale or exchange. It was an early custom in Judea, a law, in fact, with the Hebrews, that they should assemble three times a year at Jerusalem. Here the tradespeople met in great numbers, and successfully plied their avocation. One learned author of ancient history furnishes us a good idea of the business features of these assemblages in the following words\*:

\* Michaelis in "Commentaries on the Laws of Moses."

"When we speak of commerce we must distinguish between the internal commerce of the people with one another and that which is carried on with other nations, especially by sea. For the former, without which no State can dispense without great disadvantage, provision was made by the three festivals, to the celebration of which all the Israelites were assembled thrice every year. Conventions of this nature, instituted for religious purposes, have generally, withal, been made instrumental in the purposes of commerce. Our *Messen* (fairs) have their names from (*Missa*) masses which were sung at particular seasons, and to which, in Catholic times, people from all countries resorted. As here, there were buyers, of course there came, also, merchants with their commodities, and thus arose yearly fairs. The holy pilgrimages to Mecca gave, in like manner, an impulse to the trade of Arabia. Hence we see that, although in the Mosaic institutions the interests of internal commerce were indirectly consulted, it was only in such a manner that the carrying it on could not become a distinct employment, but could merely occupy the weeks of leisure from the toil of agriculture—before harvest at the Feast of the Passover, after harvest at the Feast of Pentecost, and on the conclusion of the vintage, at the Feast of Tabernacles."

The foundation of a city by the ancients was usually commemorated by instituting a festival, so that, in addition to the periodical gatherings at the chief cities, and for the time-honored customs in which all the people of the nation took a general interest, each city had its special time when the people in and about the place met together for worship and the purchasing of supplies. A merchant in those days was one who sold at one festival what he had purchased at another, and thus traveled from place to place acting as both importer and tradesman. The more general necessities were kept for sale in the market places. Every city was provided with one of these institutions. The word market, however, as we now use it, is derived from the Latin *mercatus*. The word "fair" has much the same meaning. It is derived from the French *foire*, which traces its origin to the Latin *forum*, meaning also a market place.

With the Egyptians, the people were divided into hereditary castes, and the son was required by law to follow the occupation of his father, whatever his fitness might be for it. Should a carpenter chance to have a dozen sons they must all be carpenters. The sons of a soldier must all become soldiers, and so remain as long as their age permitted. Every man was obliged to follow some trade. His passport was a certificate from a magistrate showing that he was faithfully keeping the law. Without this certificate he was subject to arrest and punishment. The forger of a certificate, if discovered, was punished with death. This custom



had a demoralizing influence upon business. It gave but little opportunity for the development of natural powers and capacities. It no doubt had an injurious influence upon their naturally indolent dispositions. Mercantile pursuits were looked upon as menial and below the dignity of men, therefore the trade of the country was conducted almost entirely by the women. The management of the family and the buying and selling of supplies devolved upon the wife. If the men gave any assistance in this direction it was to care for the domestic affairs of the home while the wife and daughters attended the market. Owing to the meagre history we have concerning the ancient Egyptians, we know comparatively little of the details connected with their trade and commerce. Sufficient, however, to understand that they were far behind their neighbors the Phœnicians and Greeks in associations for transacting business and developing the commerce of their country.

At Athens, before the Christian era, we are told that there were many forums, or market places. The most noted of these was a large square in which all commodities known to the commerce of that period were offered for sale. A duty for the government was put upon the sales, and authorized collectors went regularly to the market places to collect them. Magistrates were always in attendance to preserve the peace and decide petty differences. In the chief forum each class of trade was allotted a special department, and different hours were named for the sale of different classes of wares and products. A detachment of the Scythians, a sort of police, or branch of the soldiery, were kept encamped in the central part of the forum, ready to be called upon in cases of emergency.

Aside from the regular markets, or exchanges, all the cities of Greece had their public festivals, and each State, as a means of commemorating some important event, its special days of public thanksgiving, praise or enjoyment. The gatherings of greatest importance were those of a National character, such as the Olympic games celebrated every fourth year at Olympia; the Pythian Games every fifth year at Delphi, in honor of Apollo; the Nemean Games every third year at Nemea, and the Isthmian games every third year at Corinth. A practical business man, who has made a study of the business habits and customs of many of the ancient peoples refers thus to these peculiarities of the Greeks:\*

"Every motive induced the Greeks to attend these public festivals. The man of piety went to pay his homage to his immortal God; the man of literature and science went to converse with the philosophers, and to listen to their lectures; the man of pleasure went to see the horse racing, and the chariot racing, and the

\* The History and Principles of Ancient Commerce, by Gilbert.

wrestling, and the theatrical exhibitions; and the man of business went to buy and to sell and to get gain. Here, in her most splendid temples, Religion received the costly offerings of the crowds who thronged to do her homage. While, in the groves of Science, beneath a sky as pure and serene as ever soothed the passions, or as nurtured thought, the philosopher poured into the ears of his auditors who were seated around him, those instructions which his own travels or his own reflection had supplied. While on the neighboring plain, Pleasures in a variety of forms gladdened the hearts and softened the manners of all her votaries."

In the cities of Phœnecia, Tyre and Carthage were many large and commodious market places. The people gave much attention to business pursuits, and understood the advantages of organizing themselves into homogeneous societies for the protection and advancement of their commercial interests.

But what appears to have been the first regular commercial meeting of merchants was held in Rome in the year 493 B. C. It was called the Merchants' College, and was a purely commercial association. History tells us that through the influence of this peculiar organization the trade and commerce of the Roman Empire were greatly advanced. Considering the fact that the ancient Romans were a nation of warriors, and that all other interests with them, commerce, science, art, philosophy, and even morals and religion, were of trifling importance compared with their greed for political power, it seems quite remarkable that there should have been so influential a commercial society as this established amongst them. But this was long before Rome had risen to the zenith of her power. It was more than five hundred years before Augustus and Pompey drenched the world in blood with Roman arms. Commerce in her early days was what made Rome so important a nation, and her attention to trade encouraged her people and attracted emigration within her walls.

This Merchants' College was not only designed for the practical operations of tradesmen, but in its meetings were carefully discussed all subjects relating to the commerce of the country, the imports, exports, prices, trade prospects and many other things bearing upon commercial and maritime affairs. It is in this instance, where in the histories of the most ancient customs, we appear to approach nearest to the resemblance of our modern commercial institutions. And even in this we do not find a foundation for the modern commercial exchanges of Europe and America. The Merchants' College of Rome more nearly resembled those of our modern organizations, common to nearly all American cities, and denominated generally, Boards of Trade. These are not designed for speculation and business dealings, but are composed of merchants, bankers,

and other business persons whose chief purposes of association are the general welfare of the city's commerce, her industries, and the protection of her trades people.\* The modern exchanges are more nearly a prototype of the early guilds, composed of tradesmen, which were numerous throughout Europe during the twelfth century.

The word "Guild" is of Saxon derivation, and means to pay. It was applied to societies of tradesmen and artificers incorporated for the advancement and protection of their common interests, as each member was made to pay or contribute toward the expenses. Of these societies there are classes each bearing some resemblance to the others, but quite dissimilar in many details, and also in some important purposes. They are generally referred to as societies of mechanical workmen. This is but one class, and by some authorities they are said to have originated from various mechanical fraternities in Rome, which existed at one period of her history. Like the more modern fraternities bearing the same name, they were permitted to regulate their corporate affairs by their own laws. The Roman origin has been disputed, however, and it is said by some that the Guilds of Continental Europe may be traced to the Saxon law which ordained that every freeman over the age of fourteen should find security for his good behavior. To meet this requirement, families formed themselves into associations of ten. Still another theory exists, which is, that after the Norman conquest, the Saxon boroughs proposed themselves to collect the taxes imposed, rather than be subject to the exactions of the Norman bailiffs, and formed themselves into guilds for that purpose. 'Guilds were in operation long before they were licensed. Early chapters of boroughs are usually addressed to the "burgesses" or townsmen, whom Madox defines to be, "Men who had a settled dwelling in the town, who merchandised there, and who were of the *haus* or guild." Guilds introduced the democratic element into society, and in their progress became the bulwarks of the citizens' liberty and the depositories of much political power. They probably first attained their development in the free cities of Italy, where the traders had to protect themselves against the rapacity of the lords.

But the people of those days were not students in the principles of self government, and as the fraternities increased in numbers and wealth they grew intolerant, and soon began to make demands for extended influence with the rulers. They succeeded in many of their exactions, and were granted privileges which only fired their ambition to greater zeal. So powerful had they grown in wealth and numbers that in the thirteenth century they became a

\* Further reference to this class of associations will be found in another chapter.

counterbalance against the power of the nobles. In Germany, where they had risen in importance, they were made subject to laws which stayed their progress. Their prosperity ere long began to prey upon their usefulness, for they grew into powerful aristocracies, the very thing their founders had designed to countervail. In the eighteenth century they were abolished in France, and in the early part of the nineteenth century laws were enacted in Prussia to destroy them in that country. That they did much good work and proved of great service to the people is freely admitted. So much were their influence regarded that in 1840 laws were enacted in Prussia which favored their re-establishment.

The term "guild" does not necessarily mean an association of tradesmen or mechanics. It has a different significance in some countries. In Russia it is used to define classes of business which enjoy different privileges according to the taxes imposed upon them, as, for instance, a merchant of the third guild, etc. In Scotland the companies of merchant freemen in every royal borough are called the guilds or guildry, and the magistrate next in rank to the mayor (provost) is called the dean of guild. In England the term has been used to apply to a class of traders or companies to which has been given an importance on account of their freemen possessing municipal votes. For this reason many persons not tradesmen were led to join them. They were commonly styled "Companies," and their general rendezvous was London Guildhall, founded in 1411.

The guilds of the Netherlands were wealthy societies and exerted great influence. They were patriotic in spirit, and when the people were freeing themselves from the oppression and tyranny of their rulers, it was the guilds which contributed men and money in abundance, and laid the foundation rocks upon which a great nation was purified and anchored to habits of industry.

Our modern commercial institutions have developed partly from the ancient markets and fairs, partly from the guilds of Europe, and partly from the money *bourses* or exchanges which were in existence as far back as the twelfth and thirteenth centuries. The old *bourse* of Antwerp was one of the oldest and most remarkable institutions of Europe. Fire destroyed it August 2, 1858. It had then served the thrifty Belgians about three hundred years, during the greater part of which time it was the recognized headquarters for the commerce of the world.

In 1613 the great Commercial Exchange of Amsterdam was completed. Within its walls the sturdy Hollanders manipulated the reins of commerce which gave them their towering rank among the commercial nations of the world, and raised the envy of their English neighbors across the Channel. To "beat the Dutch" was the fond hope and highest aspirations of English merchants and



tradesmen for many years. But we will pass, for the present, the many old and imposing structures wherein have met for many generations the business heads of Continental Europe, and make a hasty sketch of the old Royal Exchange of London.

For many years the merchants of London held their trade gatherings in the open streets. Lombard Street was their appointed rendezvous. About 1560 Sir Thomas Gresham offered the merchants of London to erect an exchange building for their accommodation, if they would provide a suitable place upon which to build it. The father of Sir Thomas, Sir Richard, had visited many of the commercial centers of the Continent, and having observed in some places that the merchants had provided themselves with a covering of some kind, underneath which to hold their commercial gatherings, proposed to do what was afterward offered by his son. Sir Thomas' Gresham chose, as a model for the London Exchange, the one at Antwerp. In 1566 the London merchants procured the necessary ground, and the building was erected. Queen Elizabeth caused it to be proclaimed the "Royal Exchange." After standing about one hundred years, it was destroyed by fire in 1666. A new building was commenced a year later, and on September 28, 1669, was opened for business. This building cost nearly \$300,000, and was burned January 10, 1838, having served the merchants a little over 168 years. Nearly five years elapsed before the work of rebuilding was commenced. In 1842 the foundation of the new exchange was laid, and it was opened to the public by Queen Victoria in 1844. It is 210 feet in length, by 175 in width. The exchange room proper is 170 feet by 112. It is, and has been since its completion, the Mecca for merchants and tradespeople of almost all civilized nations. Each department of trade has its appropriate place and corner. The following description gives some idea of the details:

"On Thursday and Friday an extra meeting for transactions in foreign bills of exchange takes place, previous to the regular meeting, which is attended by the principal bankers and merchants of London, and which derives great importance from the immense business transacted within about half an hour. The whole foreign commerce which centers in London is here concentrated in a handful of bills of exchange. There is much less excitement than at the general exchange. A few brokers pass between the bankers and merchants, and the bills are bought and sold almost in a whisper."

Of the Continental Exchanges, the *Palais de la Bourse* of Paris is the most celebrated. It was formally opened in 1824. The shape of the building is that of an ancient peripteral temple. The outside walls are 234 by 164 feet; the interior is 108 by 59 feet. It is surrounded with 64 columns of the Corinthian order, rising to the second story, and forming a grand colonnade. In front is a porch with fourteen additional pillars, and, leading to it, a flight of six-

teen steps. The principal hall is 116 feet long by 75 feet wide, and will accommodate 2,000 persons. The inside is as rich and beautiful as the exterior. The material is substantial, the design classical, and the workmanship perfect. A flight of marble steps, worthy the taste of Bramante, leads to the second story. Magnificent corridors open from the galleries into the principal room.

The Exchange at St. Petersburg is a magnificent structure. It was six years in building, from 1804 to 1810. Its outside measurement is 330 feet by 240. In its design and architecture it approaches the commercial palace at Paris. The exchanges of Vienna, Frankfurt, Marseilles, Trieste, Berlin, Odessa, Smyrna, Leghorn, Lisbon, Geneva, and other places are fine structures, and centers of great attention in the commercial world. The exchanges of Amsterdam and Hamburg stand next to those of London and Paris in its volume of business and activity of the members. In England, the exchanges of Liverpool and Manchester are especially noteworthy; the last named has been regarded for many years as the parliament-house of the cotton lords. It has been the cotton manufacturers and speculators' legislative assembly, and before such a large part of the cotton industry had been transferred to the United States, the prices quoted from this board ruled the cotton markets of the world. A writer, forty years ago, describing the operations of this great market-house, says: "Genius appears to be not less rare than folly; the characteristic features of the meeting, collectively and individually, are those of talent in high working order. Whether trade be brisk or dull, 'high change' is equally crowded, and the difference of its aspect at the two periods is sufficiently striking. In stirring times, every man on 'change seems as if he belonged to the community of dancing dervishers, being utterly incapable of remaining for a single second in one place. It is the principle of a Manchester man, that 'naught is done while aught remains to do'; let him but have the opportunity, and he will undertake to supply all the markets between China and Peru, and will be exceedingly vexed if he has lost an opportunity of selling some yarn at Japan on his way."

The hours for transacting business at the European exchanges half a century ago differed more than they do at present. During the last fifty years many advances have been made towards securing a greater uniformity of practice and regularity of transactions. In dismissing this introductory feature of our subject we will quote a description written nearly fifty years ago, from which will be seen the importance attached to these commercial associations at that time, and which explains the hours devoted by their members to business before the boards.\*

\* *Merchants' Magazine*, April, 1843.

"The Liverpool Exchange," says the writer, "is badly regulated. The hours are from 2 to 5 P. M., and if the visitor wishes to be sure of seeing the persons who frequent it, he may be obliged to waste three hours before he can accomplish his purpose. The London Exchange is admirably conducted. At 4 P. M. the crowd begins to pour in, and by 4¼ it is 'high change.' At 4½ it ceases, when beadles go round with large bells, with which they make such a deafening noise that the assembly is soon dispersed, the gates are locked and no one allowed to enter until next day. All the principal houses have regular places of resort on 'change. For example, Mr. Rothschild is always to be found on foreign post days, on the 'Italian Walk;' the Messrs. Baring Bros. & Co. are to be found at the column which they have frequented for years. Those merchants who are in the American trade frequent the 'American Walk,' those in the Russian and Swedish trade the 'Baltic Walk,' and those in the German trade the 'Hamburg Walk.' The Amsterdam Exchange is also well regulated. The bell begins to ring at 2½ o'clock P. M., and if all persons who wish to enter do not succeed in getting in before the clock strikes 3, they are compelled to pay a small fee for admission. If one wishes to enter at 3½ he must pay half a guilder. . . . The Antwerp Exchange is equally well regulated. 'High 'change' is at 5 o'clock, when the gates are closed, and to gain admission thereafter half a franc is exacted. The other exchanges, say those of Hamburg, Rotterdam, St. Petersburg, etc., but, as a rule, a stranger may rely upon meeting the principal merchants, manufacturers, shipmasters, and the like at these gatherings."

The organization of joint stock companies led by degrees to a traffic in shares, and, as well, government stocks or bonds. The most authentic accounts of early stock companies reach us through the histories of England during the seventeenth century. The riches of the English nation were rapidly increasing. The people were naturally seeking some means for investing their surplus earnings. The East India Company was formed. Its shares were soon taken and a loud cry was made for more to be issued, or another company to be organized. The desire for speculation seized upon the people. To meet the demand there sprang into existence many ingenious and quick-witted projectors. Stock companies were rapidly formed. Some for manufacturing, some for insurance, others for fishing, and more for mining, diving, educating and numberless other purposes. Any scheme with a plausible reason for its success had no difficulty in selling shares. As soon as a new company was formed, the promoters, armed with nicely gotten up prospectuses and advertisements, sought the crowd in the neighborhood of the Royal Exchange and there found plenty of customers.

The coffee-houses hereabout soon became animated scenes of wild speculation. The sturdy old merchant who visited the Exchange

would find sufficient spare time to take a look in at some of the coffee-houses and try his luck with a few shares of some new bubble. It was about the year 1688 that the word "stockjobber" was first heard in London. The spirit of speculating in stocks kept increasing each year, but the many failures had a tendency to make the speculators more cautious, so that to dispose of stocks the projectors must be able to show something tangible in the way of security for the investment. Out of these speculations and a determination on the part of investors to exercise greater prudence, came the middleman in this branch of trade—the stockbroker.

Towards the close of the seventeenth century it became the custom for brokers and jobbers to meet in the vicinity of the Bank of England, and they were finally given authority to transact business in the rotunda of that institution. "But in 1698," says a writer,\* "the approaches thereto became so obstructed that they were compelled to move their quarters to 'Change Alley. At length the more respectable brokers hired a house in Capel Court, to which anyone desiring to buy or sell stock was admitted on payment of a small fee. So many objectionable persons, however, found an entrance into this arrangement that it became necessary to adopt some other method. Accordingly, in 1801, the present Stock Exchange was organized, the members of which are elected by ballot once every year. Those engaged in the negotiation of foreign funds and shares confined their operations to the halls in and around the Royal Exchange until a comparatively recent period. It was not until 1835 that dealers in these securities were admitted to the Stock Exchange, which previously had confined its operations to government funds."

[TO BE CONTINUED.]

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## CORRESPONDENCE.

### *To the Editor of the BANKER'S MAGAZINE.*

Some time ago, in your columns, I suggested a plan against forgery of bank drafts. Another correspondent replied with an objection not well taken. The matter has again been brought to the attention of the city banks in a very costly way. The plan of reporting all large drafts is not an absolute protection. A forger in a city might have a partner in a country town to forge and mail the advice, and one in the city could present the draft. I still believe that the best plan is to get up the drafts in a style of steel engraving that can only be done by machinery too expensive for forgers to own, and have each bank debited by the engraving company with certain numbers. By printing all the drafts needed in the country, the cost would be reduced to the minimum. It would be a protection to the same extent that it protects against counterfeiting bank notes.

GEO. WILSON.

\* "Law relating to Stocks and Bonds," by Lewis.

## TAXATION IN BALTIMORE.

Like her neighbor, Philadelphia, Baltimore has not yet reached her ideal of city government. She is particularly lacking in a good and effective method of taxation. Ever since 1745, when the town budget was three pounds, the legislature has been passing occasional acts that have succeeded in providing the city with a fairly unsatisfactory system. Between 1834 and 1841 the present mode of administering the taxes was established, and has continued till now with little change. The valuations of property have been made at irregular intervals, whenever the legislature provided (the last one was made in 1876), the assessments have been unequally made, much personalty has escaped taxation, payments have been enforced with difficulty, and many persons residing in the city only a part of the year have withdrawn their personal property from taxation. An Appeal Tax Court, created in 1841, is for the purpose of adjusting assessments, and nominally has the power to re-value all the property in the city, but practically has no means or authority to perform such an extensive work. These things we glean from the recent report of the Tax Commission, appointed last May to examine and suggest improvements in the method of taxation.

The commission suggests that the assessment of property and collection of taxes in Baltimore be left entirely to the city. Shares of stock in Maryland corporations, being valued by the State, should be exempt from city valuation. Triennial valuation of real and leasehold estate is recommended, and an annual one for other property. The form of schedule recommended is modeled chiefly on that of Boston. Every taxable person who is in the city for only a part of the year should be assessed, and not be exempt from taxation till he proves that he has been assessed elsewhere, where he has resided over six months in the year. They recommend that sixteen assessors be appointed without regard to politics, with a salary of \$1,500 each, one-fourth to go out of office each year.

Since 1836 it has been customary to allow discounts on prompt payment of taxes, a well known rule in Pennsylvania. This they would very justly abolish, as it should not be necessary to offer premiums to citizens for doing no more than their simple duty. In 1884 the discounts were \$90,697.19, and in 1877, when they were highest, \$191,844.08. These discounts cause additional appropriations and taxes, and lay a greater burden on those least able to pay.

The changes suggested by the commission are such as can be made at once without a change of the Constitution.

A supplementary report by one of the commission, Professor Ely, of the Johns Hopkins University, embraces more radical changes. Prof. Ely believes that the best possible administration, under the existing principle of the Constitution of *taxing all property at a uniform rate*, can be only partially successful. He states the case thus emphatically:—"The ingenuity of all the law-makers, and of all the administrators of all our States and of all our great cities has not been able in one single case to improve the administrative machinery to such an extent that this theory of taxation could be applied with even a fair approximation to justice. Everywhere it rewards dishonesty, puts a premium on trickery, places conscience at a sad discount, burdens the widow and the orphan, and allows the unscrupulous millionaire to shift his fair share

of taxes to weaker shoulders." It is not necessary to tax everything, only certain classes of personal property. In general all of any species that could be got at with certainty should be taxed directly. The rest should be estimated by indirect processes, avoiding inquisitorial means. An example is cited from an income tax in Berlin which is assessed by experienced assessors on the "indications of income." "This involves good administration, but so does any tax system and any tolerable municipal government. This is the need of the hour." The report recommends that all real estate be taxed uniformly, that rents be taxed, and all incomes above \$600. In place of miscellaneous personal taxes, a tax on three times the annual rental of dwellings is suggested. The report also embraced other important suggestions. Whether any important action will be taken on these reports is doubtful. Municipal reform has always been uphill work in Baltimore.—*The Philadelphia American*.

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## RECENT EXPERIMENTS IN STATE TAXATION.

To growl is the privilege of the taxpayer. To secure the entire amount of the necessary revenue with the smallest growl is the aim of the legislator. Probably there is no more unpopular official than the tax-gatherer. Among persons of property the idea seems to prevail that taxation is a kind of robbery which is to be evaded if possible. It is true that the public treasury has often been filled simply that thieves might plunder it, or that worthless citizens might be supported at public expense, as a reward for their political work. This is the case particularly in the administration of municipal affairs. The National and State Governments have been conducted, in spite of the observance of the odious spoils system, with an efficiency and economy unequaled by but few great business houses. Even better service would undoubtedly be obtained if the public had a fuller appreciation of the truth of the old paradox that the dearest labor is the cheapest. More liberal salaries for positions of trust and executive control would tend to elevate decidedly the standard and ability of the men in the public service. But, unfortunately, propositions of this character do not meet with general approval. The vulnerable spot of the American is his pocket-book. When an official lays his hands on that, the victim resents the attack with indignation, and submits, after loud protestations and threats to the demand for his money, only out of respect for the superior power of the law. The dominant party, in attempting to carry on the Government satisfactorily, and, at the same time, not arouse the voter who pay the taxes, has a difficult problem to solve. In the United States, where the voter is the ruler, political managers find it essential to continued success to make the drafts on the ruler's pocket-book as light as possible. All parties would be happy if the public treasury could be filled by the touch of a magician's wand, so that taxes might be abolished. But, as they are a necessary evil, a scheme of taxation without lamentation is what is wanted. In the law laid down by Professor William G. Sumner, that taxation tends to diffuse itself, but on the line of least resistance, is found a hint for the basis of this scheme. Turgot, the great French financier, expressed the politician's idea very tersely when he said that the science of taxation is to pluck the goose without making it cry. In hunting for the line of least resistance, and the most scientific method of plucking, several interesting experiments have been

made, of late, in different States, where new sources of revenue have been sought from special taxes on corporations, railroads, telegraph, telephone, and insurance companies, collateral inheritances, and other classes of property which can be plucked without producing a cry liable to strike a chord of sympathy in the popular heart. In most instances these experiments have surpassed in their results the expectations of the proposers. Large revenue has been obtained without provoking even a murmur of disapproval from the voting classes. In Vermont, for example, no direct tax was levied in 1883 and 1884, the receipts under the corporation tax law paying the expenses of the State Government. The Comptroller of New York received \$9,569,161.35 in 1884, of which \$1,603,612.75 were paid by corporations. Last year,\* although the Wisconsin Legislature authorized a levy of \$240,000, the State Treasurer was not obliged to collect any direct tax, as the license-tax from railroads, insurance, telegraph and telephone companies was sufficient to meet the current expenses. The Treasurer of Minnesota states that "the revenue from the corporation tax is steadily increasing, and if it should continue to increase—and the probabilities are that it will—as it has done for the last four years, it bids fair to pay all the expenses of the State Government." In New Jersey there is no regular tax, except for schools, as the new railroad and canal tax law and the tax on miscellaneous corporations maintain the Government.

These are striking illustrations of the workings of a new system of imposing special taxes on special classes of property, which was only first tried about ten years ago. The idea of treating railroads and corporations generally in a different manner in the tax levies from other kinds of property was a development, perhaps, of the granger and anti-monopoly movements. It is founded on the theory that parties enjoying special privileges from the State should share with the State, to some extent, the profits of their enterprises. If the Government gives certain individuals peculiar advantages and protection in the inauguration and prosecution of their schemes and business, it is held that they should make a return for the favors granted, in proportion to the success of their undertaking. In every State where the plan has been tried it has worked admirably. After a stout resistance on the part of the corporations, resulting in a judicial interpretation of all the provisions of the statute, the execution of the new law goes on smoothly in each State. The largest corporations naturally fight every encroachment on their sources of income, but when the law is once in full operation they submit gracefully. The various Legislatures adopting the system have endeavored not to make the tax too heavy. If the rate is moderate it inflicts no serious burden on the corporations, and yet brings a handsome sum into the public treasury. The benefits of this new plan have, so far, been appreciated only in the New England, Middle, and North-western States. Twelve States now impose special taxes on railroads and other corporations. In eight more, including three Southern States, insurance companies are subject to a special rate. The ordinary method of levying a direct tax on real and personal property still furnishes, in the large majority of States, almost the entire revenue. The old poll-tax remains a favorite form of taxation in parts of New England and the South, twelve States raising most of their school funds in that way. An examination of the tax laws of each of the thirty-eight Commonwealths indicates, however, a steady development of the idea of "taxation without lamentation." The attack is not confined to corporations. There is a reaching out in every direction for special subjects

\* 1884. The article was written June, 1885.

for taxation. If one State finds an object that can pay special rates without suffering materially and without raising a popular outcry, other States follow in the line of the discovery. On the other hand, a number of experiments have been abandoned, after a year or two of trial, because the law was unconstitutional or unpopular. All the New England States have a tax on deposits in Savings banks. Maryland, Virginia and Pennsylvania tax collateral inheritances. In New Hampshire the courts recently declared a law of this kind unconstitutional. Nine States derive part of their revenue from a tax on the liquor traffic. Eight secure a considerable amount from licenses granted to trades and occupations by the State, instead of by the local authorities, as is the custom in most sections. A few of the oddities of taxation by States may be referred to here. Maryland last year obtained \$110,050 from a tax on the commissions of executors and administrators of estates, one-tenth part of the sum allowed them by the Orphans' Court being demanded by the State. North Carolina derived \$63,000, in 1884, from a license of \$100 on drummers. The declaration of the Ohio Supreme Court, last autumn, that the Scott liquor law was unconstitutional, has deprived the State of an annual revenue of over \$50,000, and the cities within its borders of half a million. Pennsylvania and Virginia have income-taxes. Georgia gets \$300,000 per annum as the rental of the Atlanta & West Point Railroad, and Illinois has seven per centum of the gross earnings of the Illinois Central Railroad, between \$350,000 and \$400,000 a year, as a charter tax. In South Carolina seventeen companies paid a royalty, for the use of the phosphate beds, of \$154,318, which is about one-quarter of the amount raised for State purposes. The occupation-tax in Texas covers a very extensive list of trades and occupations. The total receipts of the treasury in 1884 were \$1,539,918, and of this sum the occupation-taxes furnished \$774,756. In Massachusetts there is a law for the taxation of corporations. The levy is made by the State, but the amount paid in is redistributed by the State to the cities and towns where the stockholders reside, and only so much thereof as is from non-residents remains in the State Treasury. Pennsylvania, by some strange process of reasoning, thinks that a man who owns a watch should pay a tax for the privilege. As only 45,596 watches are reported by a population of 4,500,000, the inference is, that the Quakers either conceal their time-pieces in an inner pocket, or regulate their lives by the town-clock or the sun.

A glance at the laws of a few States which have secured the most notable results in the direction of special taxation will show the scope and bearing of the movement. Pennsylvania may, perhaps, be called the pioneer. It has tried more experiments and probably reaches more special classes than any other State. The tax on the capital stock of all corporations, which yielded to the State \$1,535,727.56 in 1884, is one-half mill for each one per centum of dividend declared, provided the annual dividend amounts to six per centum or more. If the dividends are less than six per centum, or if there are no dividends, the tax is three mills upon each dollar of the appraised valuation, or market value, of the stock. A further tax of eight-tenths of one per centum is imposed on the gross earnings of transportation and telegraph companies. This brought in last year \$787,929.20. Insurance companies are assessed eight-tenths of one per centum on gross premiums, and bank stocks, mortgages and loans of different kinds pay four per centum on every dollar of the value thereof. These special classes paid \$954,843.59 in 1884. Collateral inheritances of over \$200 are taxed three mills on every dollar. From this source \$461,465.48 were derived. Tavern licenses amounted to \$426,429.19, and retailers' licenses to \$301,393.42. Nothing



illustrates better how effectively this system of special taxation can be applied than the fact that while the total receipts of the Pennsylvania State Treasury in 1884 were \$6,226,959.38, only \$502,025.43 were raised by a direct general tax. New York State, which is first in wealth and the amount of revenue collected, has not pushed the system to such an extent, although it is rapidly following in the course of its neighbor. The tax on the capital stock of corporations is only one-half of that levied in Pennsylvania, namely, one-quarter of a mill for each one per centum of dividends if the dividends equal or exceed six per centum, and one and one-half mill upon each dollar of a valuation of the capital stock when they are under six per centum or *nil*. The tax on the gross earnings of transportation, navigation, telegraph, and telephone companies is one-half per centum. This yielded in 1884 \$1,603,612.75, insurance companies paying on their capital and premiums \$241,676.15 of the amount. In Wisconsin, where special taxes have also worked well, the plan is somewhat different. The license tax, as it is called there, applies to railroads, insurance, telegraph, and telephone companies. Railroads are taxed from five dollars per mile of operated road to four per centum of gross earnings, as follows: If the road earns less than \$1,500 per mile, it is taxed five dollars per mile; on those earning more than \$1,500 and less than \$3,000 per mile, the tax is five dollars per mile, and two per centum on the excess over \$1,500 per mile; on those earning \$3,000 or more per mile, the tax is four per centum on gross earnings. Telegraph companies pay one dollar per mile for the first wire, fifty cents per mile for the second, twenty-five cents per mile for the third, and twenty cents per mile for the fourth and all additional. Telephone companies pay one per centum on gross receipts, and insurance companies two per centum on gross earnings. This tax or license is in lieu of all other taxes, and amounted in 1884 to: Railroads, \$754,269.44; telegraph, \$4,568.85; telephone, \$1,169.26; insurance, \$64,904.75; or a total of \$824,912.30. Vermont, which pays nearly its entire expenses out of the special taxes, has a law somewhat similar to that of Wisconsin. It levies two per centum on railroads on the first \$2,000 of earnings per mile. The rate increases one per centum for each additional \$1,000 per mile up to \$5,000, and on all earnings over \$5,000 per mile it is five per centum. Insurance companies pay two per centum on gross premiums, and life insurance companies in addition one per centum on all surplus over the necessary reserve computed at four per centum on existing policies. Savings banks pay one-half per centum on deposits; express, telegraph, and telephone companies, three per centum on gross earnings, and steamboats two per centum. These quotations are sufficient to show the methods of corporation taxation.

The expediency and justice of a tax on collateral inheritances is not so readily admitted. Although it has been enforced as a war tax, it is somewhat of an innovation on the principles of taxation observed in this country. There is a slight flavor of communism in the idea, yet the proposition is not altogether objectionable, and may be sustained by good arguments. A law of a similar character has been in operation in England many years. It is held to be in the nature of a franchise or license tax, upon the right derived from the State of transmitting property, and is inflicted only when property is bequeathed out of the immediate family. If there are no constitutional objections, the recipients of the bequests certainly have no cause for complaint, if the Government compels them to pay a small share of their gift for its support. A Pennsylvania man, for instance, who receives a windfall of \$100,000 from a distant relative or an intimate friend, will obtain no sympathy if he growls because he is obliged to turn over \$3,000 of it into the public

treasury. He is better able to do so than any other man who has acquired his property by hard toil and individual exertion and enterprise. In Maryland, the rate is two and one-half per centum on every \$100 of collateral inheritances over \$500, and the tax yielded, last year, \$86,218.46. The New York Legislature last winter passed a bill imposing a tax of five per centum on similar bequests. Although it aroused some opposition, Governor Hill signed the measure, with a recommendation that it be amended next winter so as to place the limit at \$5,000 instead of \$500, it being argued that in its present form it might place heavy burdens on poor persons who might receive small bequests of \$1,000 or \$2,000. It is estimated that the new law will yield annually in New York between \$750,000 and \$1,000,000. Evidences of the spread of the idea of "taxation without lamentation" are found in the recent proceedings of the Legislatures of other States. In Pennsylvania, a bill was introduced, in April last, imposing a tax of five mills on the interest of deposits in Savings banks having no capital stock. There are obvious reasons for not taxing deposits in Savings banks, and it is to be hoped that this sort of special taxation will not be more extensively adopted. Notwithstanding the disastrous results, politically, in other States, of a heavy tax on the liquor traffic, Illinois has just placed on its statute books a law imposing a tax of \$500 per annum on the sale of liquors, and \$150 per annum on the sale of beer. In California, at the last session, a bill was passed to submit to the people an amendment to the Constitution providing that railroads shall pay an annual tax of two and a-half per centum on gross earnings, and also that income taxes may be assessed and collected from persons and corporations. The existing laws, and these recent efforts to secure additional statutes for raising the State revenues by means of special taxation, mark the development of new methods of taxation based principally on the growth of corporate wealth and the prosperity of certain privileged, and, in some cases, like the liquor traffic, objectionable classes of industry and business. The proportion of the States in which they are on trial is as yet small. The number, however, is steadily increasing. As the advantages of the new plan are brought more clearly before the notice of legislators, we may expect a revolution in State taxation. So great has been the progress in the past ten years that it would not be astonishing to see at the end of the next decade fully one-half of the States levying merely a nominal direct tax, or none at all. Special privileged classes will probably bear the burden of State taxation in the future. The tariff will furnish the National revenue, and the main tax on real and personal property will be for the necessities of county and municipal government. The only danger lies in a tendency to overdo the matter. The special taxes must not be oppressive. The rights of the special classes, as well as of the other taxpayers, must be protected. If co-operation between the States could be assured, so that uniform and equitable rates might be established, great benefit would be derived by all property owners.—HENRY JAMES TEN EYCK, in *Popular Science Monthly*.

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— THE French Government has decided to adhere to its determination to have a Universal International Exhibition in Paris in 1889, and the plans relating to it have been drawn up. The scheme is based upon the assistance of a company, which will provide \$4,000,000 toward the guarantee fund of \$8,000,000. The State will contribute \$2,400,000, and the City of Paris the remaining \$1,600,000.

## ENGLISH WHEAT AND BANK OF ENGLAND RATES.

On the subject of cheap breadstuffs Great Britain is placed as it were between two fires. British manufacturers and operatives demand cheap bread, in fact, a low price for provisions, to them, is a consideration of the first importance. To the English farmer oppressed by the high rents exacted by the landlords, a high price for their product is an absolute necessity. It is estimated that at the present rates of land rentals English wheat cannot be produced at a profit to the farmer for less than \$1.30 to \$1.40 per bushel. When wheat sells below these prices, on the London market, British farmers are losers upon their crops in proportion to the decline. And here is where England's dilemma appears. The annual crop of Great Britain amounts, usually, to about one hundred millions of bushels. The British possessions in the East Indies is capable, with proper railway facilities, of sending to England an almost unlimited supply of wheat, and at a price that would completely annihilate the home crop. To encourage the production in the East is to destroy wheat raising in England. To encourage domestic-grown wheat by limiting as far as possible the foreign supply and encouraging high prices, is to oppress the working classes and burden manufacture. Lower prices for grain and provisions, if continued, must react upon the British landlords, and result in lower rents, and as a sequence a depreciation in the value of tillable lands. The issue is between the large landholders and the working and producing classes. If the former are to be sustained the prospect of the British and American farmers will be improved; if the demands of the latter are to be conceded, East India grain will extinguish wheat raising in England and cause a reduction of prices in the leading markets of the world. Then again the necessity of sustaining a gold balance through advanced rates of the Bank of England not infrequently places the government bank in a position of antagonism to the business interest of that country. It is seldom that the "bank rate" and the interest rates of the joint-stock banks are in conformity; yet there are times when these latter institutions are forced, as it were, to aid the Bank of England in sustaining a high rate, and to the detriment of the nominal interests of trade. As a rule the stock banks are bound to conform in rates for loans in a lesser or greater degree to the central power over money, and if the rate of the Bank of England is high, an opportunity for the dealers in money is presented, and is seldom neglected, for making loan rates to their customers higher than they otherwise would be.

The London *Economist* of January 23d defends this method of sustaining the gold balance, on the ground of expediency, and as averting a possible disaster. It says: "The reduction of the bank rate to three per cent. is one of those measures that require to justify themselves by their results. There are certainly strong arguments to urge in its favor. It is always an evil when the bank rate is kept high above the market value of money, for so large an amount of the monetary business of the country is governed by it that when it comes to be an unreal rate a good deal of hardship is inflicted. There are, however, times when considerations of safety must overcome those of expediency. The bank must take care that it maintains its stock of gold at a level high enough to

give stability to the huge mass of credit transactions we rest upon it, and it is for this purpose that the rate was raised to four per cent., and has since been kept there. It is a purpose, however, that has yet been only partially effected. The export of gold has been stopped, and latterly the metal has been coming hither from abroad instead. Thus far, however, the inflow has been moderate, and the stock held by the bank is so small that it is very necessary to have it replenished. The question, therefore, is, whether it would not have been better to have delayed the reduction until the bank had still further strengthened its position, especially as there was the near prospect of its being able to make its rate much more effective than before, and thus stimulate the gold influx, which the lowering of the rate will now tend to check." The practice of compelling the business interest of England to aid in sustaining the Government's supply of gold is not unlike the effort to obtain cheap wheat at the expense of her farmers.—*Stockholder*.

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### THE PENSION MANIA IN CONGRESS.

The time has come for the use of a little common sense in the field of pension legislation. The house has passed, by a vote of 198 to 66, a bill increasing the pensions of soldiers' widows from \$8 to \$12 a month. This bill will in all probability become a law, and the cost of it is officially estimated at \$6,166,992. We do not say that this bill ought not to have been passed, for there is a great deal to be said in its favor, but we desire to point out what effect the passage of certain other pension bills—one or two of which have been associated with this in debate—would have upon the National Treasury.

An attempt was made while the widows' bill was under consideration to attach to it an amendment repealing the limit fixed in the Arrears Act. It is by no means clear that the House would not have adopted that amendment if the widows' bill had not been taken up without it and passed on suspension day. The committee that reported the widows' bill agreed a few days ago to report a bill repealing the arrears limit, and the House is inclined to regard all pension bills with favor. The proposed repeal of the arrears limit was supported in the last Republican National platform, and the defeat of an amendment attaching it to the Mexican or Cullom bill in the Senate last year was due in great measure to the strenuous opposition of Senator Sherman, who has recently changed his mind and gone over to the other side.

Let us see how much the Treasury can stand. Last year the unincumbered surplus was only \$17,859,735, for the payment of \$45,604,035 on account of the sinking fund as required by law. As compared with those of the preceding year, the receipts had fallen off about \$25,000,000, and the expenses had increased \$16,000,000. The Government's estimate for this year is that the unincumbered surplus will be \$24,250,000. It is apparent, then, that an addition of \$30,000,000 or \$40,000,000 to the annual expense account would cause a deficit and compel the Government to make it good in some way.

What would a repeal of the limitation in the Arrears Act cost? Commissioner Black, who is said to favor the measure, reports to Congress that the cost would be \$222,368,100. The repeal would call for the payment of \$84,468,300 of this sum at once to pensioners placed on the rolls since June 30, 1880, who have received no arrears payments.

Commissioner Dudley's estimate was \$246,308,200. Commissioner Bentley declared in 1881 that the Arrears Act would consume sooner or later \$510,301,673. Is it not almost incredible folly to urge the repeal of this limit, which will cost \$220,000,000, of which \$84,000,000 will be due in the first year? With an unincumbered surplus of not more than \$25,000,000, is there common sense in the proposition? Nevertheless, we find that repeal bills have been introduced by Senators Ingalls and Voorhees and by no less than fifteen Representatives, among whom are old and well informed members like Mr. McKinley and Mr. Ryan, and that they are supported by prominent men in both the Senate and the House.

But this is not the only extravagant pension scheme that is pending in Congress. The old bill to pension all survivors of the Mexican War, and the other bill, to pension all survivors of the old Indian wars, are in hand. The Mexican bill is to be favorably reported to the House, and will undoubtedly be passed in that body. Its ultimate fate will depend upon the action of the Senate. Last year it was passed in the House by a vote of 227 to 46. Its cost has been officially estimated at \$74,344,000, and that of the Indian wars bill at \$28,201,000. These bills grant pensions for service without requiring disability.

The old bill to equalize bounties has been introduced by Senator Logan and by several Representatives, including even the economical Mr. Holman. The last official estimate of its cost was \$95,000,000, although Paymaster-General Alvord fixed the sum at \$163,000,000. The friends of this bill are not hopeless, for it was passed once by Congress, only to be killed by a veto. The question raised by the claim agents concerning the force of the law of 1836, which provides that the widow of a soldier who died in the service shall receive half her husband's monthly pay for five years will be decided, it is said, by the Supreme Court. It involves the expenditure of \$53,400,000. Several Representatives have introduced "service" bills, providing that every survivor of the War of the Rebellion shall be paid \$8 a month. These bills may be dismissed with a word, for the National Encampment of the Grand Army has refused to support them. Representative J. B. Weaver would not only repeal the arrears limit, but also pay every soldier enough money to raise his wages to the gold standard. He modestly asks that \$300,000,000 shall be appropriated for this scheme. There are also bills, regarded with more or less favor, granting pensions to all who were confined in Confederate prisons. Senator Logan is an advocate of these measures.

Among the many bills providing for an increase of pension in certain classes or for certain kinds of disability there are several that may become laws. Undoubtedly some of these bills can be supported by strong arguments. It should not be forgotten, however, that if they should become laws they would take large sums out of the Treasury. The sum paid for pensions last year (\$64,978,435) was greater by \$8,000,000 than the sum expended in 1884. This addition was due in part to the passage of bills of this kind.

The propositions that especially deserve attention from those who would guard the Treasury against attacks that might exhaust it, are the bill repealing the arrears limit, the bill for survivors of the Mexican and the old Indian wars, and bills relaxing existing provisions concerning evidence and cause of disability. We have not attempted to show how objectionable these propositions are when considered upon their merits without regard to the condition of the Treasury. We have only pointed out the folly of supporting such bills when our annual unincumbered surplus does not exceed \$25,000,000 or \$30,000,000. We have said nothing about the proposed expenditure of millions for a navy and for

coast defences. We have only undertaken to show that the people are not well served by legislators who deliberately strive to create obligations of from \$250,000,000 to \$500,000,000 for a nation whose receipts exceed its expenses by so small a sum.—*New York Times*.

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## SCHEME FOR PAYING PACIFIC RAILROAD SUBSIDY BONDS.

An ingenious scheme for the payment of the indebtedness of the Union and Central Pacific Railroads to the United States Government is pending in Congress. The Union Pacific owes the Government about \$50,000,000, that being the amount of principal and interest of the thirty-year subsidy bonds issued by Act of Congress in 1864. The Central Pacific's indebtedness to the Government is very nearly equal to that of the Union Pacific. The subsidy bonds have not yet matured, but the subject of a settlement of the indebtedness is now receiving much attention in Washington. Neither of the debtor corporations wants to pay its entire debt in a lump sum, and various plans have been proposed for liquidation in installments. Representatives of the interested corporations have evinced a strong liking for the word equalization. They want the indebtedness of their respective corporations to the Government "equalized" in a way that will enable the said corporations to pay in small installments and at convenient intervals.

The bill recently reported to the Senate by Mr. Hoar from the Committee on the Judiciary in relation to "the payment of all indebtedness of certain railroad companies" contains a very interesting scheme of equalization. Apparently fair on its face, it would seem at the first reading to be just to the Government, as well as lenient to the debtor corporations. A careful study of the provisions of the bill, supplemented by an arithmetical calculation, reveals a most ingenious plan for the extinguishment of a debt without the payment of the principal. The bill in question directs the Secretary of the Treasury "to ascertain the amount of the respective indebtedness of the Union Pacific Railroad Company, the Kansas Pacific Railway Company, the Central Branch Union Pacific Railroad Company, the Sioux City and Pacific Railroad Company, the Central Pacific Railroad Company, and the Western Pacific Railroad Company, to which the subsidy bonds of the United States were advanced in aid of the construction of the Pacific railroads and branches." For the purposes of the proposed settlement of all this indebtedness it is provided that "the total sums that would be due the United States for principal and accrued interest on the said bonds at their maturity," shall be ascertained, and that "the present worth as of said last-named day of said total sums shall then be computed, without compounding, on the basis that money is worth three-per-cent. interest per annum. And the final sums so computed and ascertained shall be deemed the sums that would be paid in cash at the present time if payment in cash were to be made."

After ascertaining the total sums that the debtor corporations would owe the Government at the maturity of the bonds, an arrangement is to be made to enable the said corporations to wipe out their indebtedness by 160 successive semi-annual payments. In other words, the Government proposes to give the debtor companies eighty years in which to pay off their debts to the Government. Each company must issue to

the Government 160 bonds of redemption, each bond for the same sum, and each bond bearing date of October 1, 1886. The "little joker" of this bill is found in the section that provides how the sum of each of these 160 bonds shall be ascertained. To the balance of the gross indebtedness of each corporation at the date of maturity of the old subsidy bonds is to be added "interest at the rate of three per cent. per annum from the first day of October, 1886 to the average date of the maturity of said bonds and dividing such aggregate amount by 160.

Experienced actuaries have pondered over this clause, and they can arrive at no other conclusion than that the "average date" of a series of bonds extending over a period of eighty years is one-half of eighty years, which, of course, is forty years. A practical application of this method of computation produces a curious result. For instance, placing the ascertained aggregate indebtedness of the several railroad companies named in the bill at \$100,000,000, it is easily found that three per cent. of that amount for forty years is \$120,000,000. Adding to this the \$100,000,000 of principal, \$220,000,000 is obtained as the total sum to be paid in 160 semi-annual installments. A simple calculation in division shows that on this basis the debtor corporations will be required to pay in the aggregate, \$2,750,000 a year for eighty years. That is, by paying two and three-quarters per cent. on their total indebtedness for eighty years, the railroad companies are to be released from their obligations to the Government.

In ordinary business transactions, when a borrower agrees to pay three-per-cent. interest for the use of money, his payments of interest money do not help to extinguish the principal. In the case of the Union Pacific and Central Pacific Roads, however, should this Senate bill pass, they will be permitted to wipe out an indebtedness of \$100,000,000 by paying two and three-quarters per cent. interest on it annually for eighty years. Such are the advantages of equalization. The wonder is that the railroad companies do not ask for a longer period than eighty years in which to make payments. The longer the period the smaller the rate of interest, according to the basis of computation observed in this plan. The Senate bill in question was introduced January 25, 1886, and was read the first and second times by unanimous consent.

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THE "BATTLE OF THE STANDARDS."—M. Emile de Laveleye writes as follows: "Allow me to say a few words respecting an article in a recent publication, in which Mr. Moreton Frewen attacks President Cleveland's recommendation to Congress to decree the suspension of the coinage of silver. I agree with Mr. Frewen that the present crisis is attributable, in a great measure, to the proscription of silver, and I believe that this crisis will not come to an end until its rightful role in the circulation be restored to this essentially monetary metal; but I am firmly convinced, as are all bimetallists on the Continent and in the United States, that silver will never be readmitted into mints whence it has been banished until practical experience has clearly demonstrated that the quantity of gold produced is too small for that metal to serve as the sole metallic means of exchange for the whole world. In order that this experiment may be quite decisive it is necessary that the States should cease to coin their Bland dollars and that they should accumulate from other nations the amount of gold necessary to compensate for this suspension of silver coinage. Even now gold coin is lacking in nearly every country. It is at as high a premium as 18 or 20 per cent. in Roumania and La Plata. England alone—thanks to her commercial supremacy—can still command a sufficient supply; but this is becoming an ever-growing difficulty. If the Bland bill in America were suspended, and that country, instead of sending two million dollars every month to the Mint, exchanged them for European gold, the Government at the same time selling 200,000 of its Bland dollars, and taking their equivalent value in gold from other nations, Europe would be at once convinced that a universal gold standard is, what Mr. Goschen calls it, not only a Utopian scheme, but a most mischievous one."

## ECONOMIC NOTES.

## INTEREST ON RAILROAD BONDS.

Perhaps one of the worst mistakes of the railroad companies has been the high-rate interest provided for on long-date bonds. For this there is the excuse that at the time many of these securities were created the rate of interest was higher than it has ruled for many years past, and no one perhaps foresaw the reduction that since has been made. Among the earlier issues many long-date railway bonds were made to carry 7 and 8 per cent. interest when prime paper could be negotiated on the market at 4 and 5 per cent. But the high rate of interest for railway securities would have been more excusable had the bonds issued been sold anywhere near their nominal value. Up to within a few years it was not an uncommon thing for a 7 per cent. bond to be negotiated at 60 to 70 per cent., and in some cases even below 60 per cent. of their face value. And negotiations were frequently made abroad in which rails at higher prices than they could have been purchased for cash were taken in exchange, reducing the price of bonds sold in many instances below 50. Many of the 7 per cent. bonds negotiated on these terms are now selling considerably above par, with many years yet to run. Of late years the method of disposing of railroad bonds has undergone a change. The practice of paying for contract work in stocks and securities and exchanging the same for rails and equipment is less common, and bonds that have merit are given a rate of interest that brings their market value to about par, and they are sold for cash and the money applied to the various branches of construction.

## THE DISTRIBUTION OF WAMPUM.

Thus shell-money of this peculiar description, composed of small circular disks, perforated and strung together, and used both as currency and also (so far as our information extends) in important public and religious ceremonies, has been traced from the eastern coast of North America westward across the continent to California, and thence through the Micronesian Archipelago to China. In no other parts of the world, except those situated along or near this line (as in some parts of Melanesia), has the use of this singular currency been known. It is possible, of course, that the custom may have originated independently in each of the four principal regions in which it existed—that is, in China, Micronesia, California, and Eastern North America. Few persons, however will be inclined to doubt that the Micronesians received this invention from Eastern Asia; and, at the other end of the line, the transmission of the usage from one side of the Rocky Mountains to the other will seem equally probable. The only question will be as to its passage across the Pacific. The fact recorded by Dr. Wilson, in his work already quoted, that in 1833 a Japanese junk was wrecked on the coast of Oregon, and that some of her crew were subsequently rescued from captivity among the Indians of that region, will show how easily this transmission might have been made. Nor is this the only instance known. Mr. Charles Wolcott Brooks, in his report on Japanese vessels wrecked in the North Pacific Ocean, read before the California Academy of Sciences, in March, 1876, states that "one of these junks was wrecked on the Queen Charlotte Islands in 1831, and numerous others have been wrecked on other parts of the Northwest coast."—*Popular Science Monthly*.



## WHO PAYS FOR COTTON TIES?

That the belief generally entertained by cotton planters, that the iron ties on their cotton bales are sold by them with the cotton at the price of cotton, is an erroneous one, is shown by the *Charleston News and Courier*. The price of cotton is fixed at Liverpool, and determines the rates paid in this country. The rule governing the price in the Liverpool Exchange is as follows: "The gross loading weight is taken before the cotton is mended or sampled, then two pounds per bale draught is deducted, then the weight of bands, the number being counted and a small number weighed, so as to get at the weight of the total number, and after that the tare of four pounds per hundredweight—the result being the net weight—and if this net weight is less than the guaranteed weight, or 7 per cent. below the gross American shipping weight, then a claim for the deficiency is made." It is thus shown that the weight of the ties is eliminated from every transaction, throwing their cost exclusively on the cotton producer, and that, so far from selling them at the price of cotton, he gets nothing for them at all.

## ACTIVITY IN REAL ESTATE.

One of the notable signs of the times in business circles at present is the tendency to investments in real estate. Timber and mineral lands in the South and West are eagerly sought and taken in large blocks, if there is any reasonable prospect that the investment will be remunerative, even though at some distance in the future. The expansion of the cattle business and the purchase of large bodies of land for the purpose of carrying it on is one of the channels in which this tendency manifests itself, while the purchases of lots and houses in the large cities is rapidly on the increase.

The tendency toward real estate investments is more apparent than the reasons for it. There is always an element of security in real estate investments, of course, which wildcat stocks and fancy mining shares lack. A farm will neither burn up nor run away, and a city house and lot has a certain air of stability—that is, if the house be insured in a good company—which railway shares seldom possess. But most real estate investments give small returns in the way of interest on the money they cost, besides being very hard to get rid of in an emergency when ready money is wanted. Stocks and bonds always have a certain market value at which they can be disposed of on the shortest notice. A farm for which an investor pays ten thousand dollars, or a house and lot of equal value may be a good while finding another purchaser at the same rate, no matter how big a hurry the owner may be in for his money.

It is probable that the increasing plethora of money is the chief factor in the real estate boom of the present day. The ease with which money may be obtained and the low rates it commands lead builders in the large cities to buy land for extensive building operations upon which they hope to make a fair profit by sales to individuals who desire homes or by renting to those who cannot afford to buy. The profits of the cattle and grain business of the West for the past few years have been large enough to attract large amounts of capital in this direction, while the rapidly decreasing timber supply of the country is leading to the purchase of all the available timber land in the expectation that an advance in prices which will make the investment profitable must ultimately follow. But for the abundance of ready money, however, these heavy investments could not be made, and the fact that they are made shows, as nothing else can, that there is a constantly growing surplus of available funds which cannot be profitably absorbed in the active business of the country. This surplus is being salted down, so to speak, in real estate transactions.—*Philadelphia Times*.

*OUR FOREIGN TRADE.*

An analysis of our foreign trade shows, among other facts, that the duty collected on merchandise in 1885 fell to \$178,000,000, as against \$190,000,000 in 1884, but the equivalent *ad valorem* rate advanced from 41.7 per cent. to 46 per cent. The increase was due to the decline in prices of goods subject to specific duty, upon which high rates of duty are imposed.

A steady decline is shown in the value of our foreign trade conducted in vessels bearing our National flag. During the fiscal year 1885 the value of merchandise carried in our foreign trade was \$1,388,000,000, of which but 14.6 per cent. was transported in American bottoms, and in American steam vessels only 7 per cent. The total tonnage entered at our seaports in the foreign trade consisted of 12,000,000 tons, of which 9,200,000 was foreign tonnage, and only 2,800,000 American tonnage.

The immigration statistics show a large falling off also. The arrivals during the year were 395,346, against 518,592 for the year preceding. The arrivals in 1882, which was the period of the largest immigration, numbered 788,902, thus, by comparison, exhibiting a decrease in immigration of fifty per cent. since 1882.

*INCREASING THE FOOD SUPPLY.*

One of the addresses delivered before the American Association for the Advancement of Science is reported to contain the following statement: "When all the wealth of the United States is distributed, there will be but 42 cents per day for each adult. On this average all must live, many on less and a few on more. By utilizing existing methods of the production and preparation of food, it becomes impossible to secure the proper amount of nutriment for all the poorer classes. The section of Economic Science and Statistics proposes to find means and plans for the immediate and practical use of cheapening the production of food by utilizing abandoned fields, and by proper selection and preparation of material. There might be some reason for such a statement with reference to the masses of Europe, and still more to those in the other continents of the Old World, but," says the *Chicago Tribune*, "the statement will be strange to many readers in the United States—that is, if it find many readers. The markets of this country are at this moment weighted down with a plethora of food. Certainly the fact that they are so does not prove that all the people of the States have enough to eat; but possibly some of them would still suffer if food were abundant enough to go begging, as the distributive process is never a perfect one in its operation, and there are people so improvident that the food must be put into their mouths or they will not eat it. One great fact, however, cannot be gainsaid—that food products are now so abundant that they are selling at prices which do not pay the producer a fair profit on the cost of production, and in not a few cases the amount he receives does not bring back money spent for seed and labor, to say nothing of the depreciation of tools and interest on the capital employed. It would go hard with the American farmer at the present time if the production of food were augmented in such a way as materially to increase the difficulty he now experiences in finding buyers for his property at figures which will not net him a loss. The people of this country are producing fully as much food as they can find a market for. In recent years they have increased their production more than their capacity for consumption, and other nations are trying to follow the example. The latter are doing their best to get along without the necessity of paying money abroad for the bread they must

eat, and the probability now is that they will be able to dispense with our aid in the near future, even more than in the recent past. That means that the people of the United States are gradually being thrown more and more upon a home market for buyers of the animal and vegetable food that is raised here, and the prospect is, that the producer will find himself compensated less even than now, till the 'poor pay' puts a check upon the industry of food culture. The prospects are not in favor of a greater increase in the production than corresponds with the growth of the population. It is always difficult to measure in advance the value of an exertion or a discovery, and the attempt to do it may prove to be a foolish one, but it looks as if the present conditions are decidedly discouraging to work in this field of labor."

## LIABILITY OF BANK DIRECTORS FOR NEGLIGENCE TO DEPOSITORS.

APPELLATE COURT, THIRD DISTRICT, ILLINOIS.

*Delano v. Gardner Case.*

Though bank directors are responsible to their principal for ordinary negligence, yet for such gross negligence or incompetency as shows a reckless disregard of their duty to care for and protect the funds committed to their charge, they are directly responsible to the depositor.

CONGER, J.—This was an action on the case. The declaration charges substantially that on the 1st day of July, 1877, "The Bunker Hill Bank" was a body corporate, etc., engaged in the business of banking, receiving money on deposit, etc., and so continued up to October 22, 1877, when it closed its doors and ceased payment; that on the 30th day of July, 1877, appellee was a creditor and depositor of said bank to the amount of \$1,154.57, and that, relying on the solvency of the bank, he continued from time to time to make deposits up to and including October 6, when the bank owed him for money so deposited and for interest \$5,000; that long before the 1st of July, 1877, and until it failed, the bank was insolvent, and that appellee never received payment; avers that it was the duty of appellants, who were directors of the bank, to ascertain and know the financial condition of said bank, to examine at short intervals into its affairs, and if they had performed their duty in that respect, they would have known by the exercise of ordinary care that the bank was totally insolvent long before and during all the time appellee was making his deposits; charges that they wholly failed in this respect, but held out the bank to the public during all this time as financially safe and solvent, whereby appellee was defrauded into making such deposits, and in consequence lost them.

Trial in the Circuit Court and judgment for appellee for \$2,370.50. Without attempting to give even a synopsis of the evidence, we think it establishes upon the part of the appellants and their co-directors the grossest negligence and incompetency. After the bank had suspended and a full examination was had, it appeared that Beach, the cashier, and Compton, the assistant cashier, had been for some time systematically robbing it. The general ledger on December 31, 1876, showed the total amount due depositors to be \$11,350.73, while in truth the bank actually owed to depositors on that day \$36,779.27, as shown by another book in the bank called the individual ledger. On September 18, 1877, the general

ledger showed the amount due from the bank to depositors to be \$10,368.65, whereas the true amount, as shown by the individual ledger, was \$49,616.50, showing a discrepancy of \$39,247.85. So, too, in the accounts showing the amounts of outstanding certificates of deposits on the 1st of September, 1877, the difference between the amount shown upon the general ledger and the true amount was \$32,422.56. In short, it appears that during all the summer and fall of 1877 the difference between the amounts these officers were reporting to the directors and the examining committee as the indebtedness of the bank and the true amount was about \$75,000. Mr. Mayfield, an expert agreed upon by the parties and appointed by the Circuit Court to make this examination, says; "The true condition of the bank at the dates named, as appearing from the books by my examination, was insolvent—very much so, and the books very plainly show it—at the date of each and every exhibit I have attached hereto. An ordinarily careful examination of the books of the bank at any time during 1877 would have disclosed irregularities of the cashier and the insolvency of the bank. If they had examined the books in a proper manner, they would have discovered the very glaring discrepancy in the condition of the certificates of deposit, as shown by the stub book and the general ledger. If the directors examined the books and counted the cash they could locate the day of its first discovery." The degree of care and diligence on the part of the directory and the finance committee is shown by the testimony of the president, Mr. Klinefelter. He says: "That he was president of the Bunker Hill Bank, and was also a director and stockholder; became president in the year 1870, and continued to be so until the failure of the bank in 1877. The defendants were all connected with the bank at the time of the failure, as directors, and had been so connected with the bank before that time for three years. The stockholders elected the directors, and the directors elected the officers. The bank ceased to do business October 20, 1877. The bank closed because it had been robbed by the cashier and assistant and was insolvent. Don't know how long before the failure of the bank it was robbed. When it closed, the money was all gone except about \$8,000; cannot tell how much money there ought to have been in the bank. While he was president the affairs of the bank were managed by the directors. The directors met once a year to elect officers and declare dividends. About once a month the finance committee counted the money and returned it to Mr. Beach, the cashier. What he did with it he had no idea. The finance committee in 1877 were directors Cross, Bahr and himself. Cannot say that the finance committee at any time made any great investigation. It met once a month as a general thing; would look over the accounts, count the money, and hand it back to the cashier. Did not examine and verify the books and compare their statements with the assets, etc., which the books called for, and no such examinations were made by any of the directors, to his knowledge. Beach was cashier of the bank from the time of its organization; Compton was first a clerk, and then assistant cashier many years. Some ten months before the failure of the bank witness suspected that Compton was stealing from the bank. Witness thought that he was spending too much money buying property, living extravagantly in Bunker Hill, and traveling. After he conceived the suspicion in regard to Compton, he and Cross went around and notified the directors of his belief that Compton was stealing from the bank. They refused to believe it; saw all the directors except Bauman. They would not believe anything was wrong. Nothing more was done, but witness went to the bank and told Beach and Compton what his suspicions were. This was about ten months before the failure. Suppose that the

reason that the directors would not believe him was that they thought Beach and Compton honest men. They were such good praying men. He thought after he talked to them that they were honest, and no more examination was made afterward than was usual before. The assets of the bank consisted of notes, accounts, real estate and money. He made no examination after the failure." It appears that the following card had been published in the local paper for a considerable time before the failure of the bank :

"Bunker Hill Bank, Bunker Hill, Illinois, incorporated by the Legislature. Capital, fifty thousand dollars. Authorized capital, two hundred thousand dollars. A general banking business transacted, collections made and proceeds promptly remitted. Interest allowed on time deposits. Special attention paid to savings department. Interest compounded every six months. Exchange sold on Great Britain or Europe.

"JOHN KLINEFELTER, President.

"J. A. DELANO, Vice-President.

"JAMES A. BEACH, Cashier."

Upon the foregoing facts the question arises, are the directors liable individually to depositors in an action on the case. There is no question that agents of individuals or corporations are not in general liable to third persons for mere non-feasance or omission of duty in the course of their employment; their liability in such case is solely to the principal. Appellants insist with great earnestness that they stand upon the same footing, and their liability is to be determined by the same general principles as other agents, and they cite some authorities which seem to sustain this view. In *Harman v. Tappenden*, 1 East, 555, it was held that "to support an action against an individual on account of his vote, or other act done by him as a member of a corporation, it is not enough that he acted erroneously or by mistake, but it must appear that he acted willfully and maliciously or fraudulently, with intent to injure the plaintiff." This case, however, grew out of an alleged negligent action of the corporators, by which another corporator lost certain rights and privileges as a member of a fish corporation, and in our judgment bears no analogy to the case at bar. In *Vose v. Grant*, 15 Mass., 505, where the facts were that plaintiff had bought up the bills of an insolvent bank, and was complaining of the official action of the proprietors in dividing up the capital stock of the bank some three years prior thereto, the Court say, if plaintiff intended when buying the bills on speculation to buy also a right of action against the stockholders for a tort previously committed by them, his purpose was unlawful, and no such right of action was or could be assigned to him. It was also held that the stockholders were not liable to an action on account of a mistaken opinion or vote expressed or given at a legal meeting. But the Court are constrained to say in conclusion, "That the creditors ought to be paid out of those funds formerly withdrawn," and suggest a possible remedy in chancery. In *Fusy v. Spannhorst*, 67 Mo., 257, the question before the Court is one of statutory and not common-law liability, and hence the remarks of the Court upon this question can only be regarded as dicta.

The case of *Conley v. Smith*, 46 N. J., 380, was an action for deceit by a depositor against a director of a bank for false representations made as to the solvency of the bank, and the case turned upon the question whether it was necessary to show that the party making the representations knew at the time they were false, and it was held such knowledge was essential to sustain the action. The case of *Zum v. Mendel*, 9 W. Va., 580, holds the doctrine as contended for by appellants, that directors of banks are only liable to third persons for misfeasance. There are

other cases which allude more or less directly to the question, but they are generally affected by statutory provisions, and are therefore of no authority as definitions of common-law liability.

We are thus left with but little assistance from adjudicated cases. Those holding the doctrine contended for by appellants seem to base it entirely upon the idea that directors of banks are no more than mere servants and agents of the corporation, owing no duty to the public, and hence not liable for any omission or negligence, however gross and reckless. We cannot concede that directors of banks are no more than mere servants and agents. They are this, it is true, but they are more. They are trustees for the bank, the stockholders and the depositors, and to each they owe duties for a violation of which the law will hold them liable.

In "Morse on Banking," p. 116, it is said: "If bank directors do not manage the affairs and business of the bank according to the charter and in good faith, they will be liable to make good all losses which their misconduct may inflict upon the stockholders, creditors, or both." "Bank directors are not mere agents like cashiers, tellers and clerks. They are trustees for the stockholders; and as to their dealings with the bank, they not only act for it and in its name, but in a qualified sense are the bank itself. The community have a right to assume that the directory does its duty, and to hold them personally liable for neglecting it. Their contract is not alone with the bank. They invite the public to deal with the corporation, and when one accepts their invitation, he has a right to expect reasonable diligence and good faith at their hands, and if they fail in either, they violate a duty they owe, not only to the stockholders, but to the creditors and patrons of the corporation." *United Society of Shakers v. Underwood*, 9 Bush., 609; see also *Shea v. Mabrey*, 1 R. J. Lea (Tenn.), 319; Thompson's "Liability of Directors," 395; *Percy et al. v. Millendon*, 3 Louisiana, 585. In the latter case, upon the ground of gross negligence or wanton disregard of duty, the directors of a bank were held responsible to the stockholders for losses to the bank occasioned by acts of the following character: Permitting the president and cashier to discount notes from the funds of the bank without the assent and intervention of five directors, as required by the rules and regulations of the bank; permitting purchase to be made of the stock of the bank out of the funds of the bank, by the president and cashier, at a rate above the known true value thereof or allowing them to take and use the money of the bank, contrary to the rules and regulations thereof; and Mr. Wharton, in his work on negligence, after quoting the above language, adds: "How far similar doctrines will be adopted in courts sitting under the jurisprudence of the common law remains for future discussion in those courts, as I am not aware that the question has as yet been directly litigated therein. But there can be little doubt that these doctrines are just conclusions from the general law of mandates." Sec. 510. Ordinarily the character of the directory for integrity and business capacity, measures the degree of confidence reposed in the corporation by the public. Were depositors, when entrusting to a bank their entire fortune, to be informed that the directors, upon whose honor and careful watchfulness they were relying, owed them no duty, were under no obligations to take at least reasonable precautions to guard their money from the itching fingers of dishonest officials, they would certainly hesitate long before surrendering it upon such terms. There are many risks and uncertainties against which a prudent business man never expects the directors or managers of banks to insure him. He knows that for the usual hazards of business he must look to the bank alone; that for the ordinary negli-

gence of directors, they are responsible alone to their principal ; but for such gross negligence or incompetency as shows a reckless disregard of their duty to care for and protect the funds committed to their charge, we think they are directly responsible to the depositor. In this case the directors were notified ten months before the failure, by the president, of his suspicions that Compton was stealing from the bank, when the slightest examination would have exposed the true state of affairs and protected subsequent depositors. No examination whatever was made. Under such circumstances there was clearly another duty which the directors owed to the community. If they knew that the bank was insolvent, or if their suspicions were aroused, and they recklessly closed their eyes and made no effort to discover the truth, it was their duty not to receive the money of depositors ignorant of the true state of affairs. To do so when they had but a suspicion of the danger would be a great wrong, and if with full knowledge, would now be a felony. If we are correct in these views, it follows that appellants owed a duty to appellee which they have not performed, in consequence of which he has been injured, and for which he ought to have a remedy ; for it is a maxim of the common law that a man specially injured by the breach of duty in another should have his remedy by action.

The judgment of the Circuit Court will be affirmed.

Affirmed.

Palmer, Robinson, Shutt and General John I. Rinaker for appellant.  
Greene, Burnett & Humphrey for appellee.

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## WHEN BILL OF EXCHANGE SHOULD BE PROTESTED.

UNITED STATES SUPREME COURT.

*Bell v. The First National Bank of Chicago.*

A bill of exchange, dated March 4th, payable in London, sixty days after sight, drawn in Illinois, on a person in Liverpool, and accepted by him, "due 21st May," without any date of acceptance, was protested for non-payment on the 21st of May. In a suit against the drawer, on the bill, it was not shown what was the date of acceptance. *Held*, that the bill was prematurely protested, it not appearing that days of grace were allowed.

Mr. Justice Blatchford delivered the opinion of the court.

This suit was brought in the Circuit Court of the United States for the Northern District of Illinois, by the First National Bank of Chicago, as indorsee, against the plaintiffs in error, co-partners, under the name of Humphrey, Bell & Co., as the drawers of three bills of exchange. One was in this form :

"Exchange for £850 os. od. Canton, Ill., March 4, 1878.

"Sixty days after sight of this first of exchange (second and third unpaid) pay to the order of ourselves, in London, eight hundred and fifty pounds sterling, value received, and charge to account of

HUMPHREY, BELL & Co.

"To Mr. W. D. Turner, jr., Liverpool."

Across the face of the bill, as sued on, these words were written :

"Accepted. Payable at Messrs. Barclay & Co., bankers, London.

"Due 21st May. W. D. TURNER, JR."

The foregoing description applies to each of the other two bills, and the writing across its face, except that each was for £800, and one was dated March 11, 1878, and had in the writing across its face, "Due 31st May," instead of "Due 21st May."

The declaration was in assumpsit. Each of the defendants separately pleaded non-assumpsit, and there were various special pleas, on which issue was joined. At the trial the court directed the jury to find a verdict for the plaintiff for \$10,937.13 damages, which was done, and for that amount, with costs, a judgment was rendered for the plaintiff, to review which the defendants have brought this writ of error.

After making certain necessary proof, the plaintiff offered in evidence the three bills, and a notary public's certificate of protest accompanying each. The bill of exceptions says: "The paper introduced and read in evidence as the certificate of protest of said £850 draft states, that on the 21st day of May, 1878, at the request of the City Bank of London, the notary public exhibited the original bill of exchange, before copied, to a clerk in the banking house of Messrs. Barclay & Company, bankers, London, where the said bill is accepted payable, and demanded payment of its contents, which demand was not complied with, but the said clerk thereunto answered, 'No orders,' whereupon the said notary protested the said draft against the drawers, acceptor and indorsers. The other two papers introduced as certificates of protest of the other two of said drafts are in the same form, and state, the protest to be in each case the same day they are stated to be due in the acceptance thereof." When the drafts and certificates of protest were offered in evidence, the defendants objected to the admission of each of them, but the objection was overruled, and they were read in evidence, to which the defendants excepted.

The bill of exceptions purports to set forth all the evidence offered by either of the parties on the trial, but there is no evidence showing any presentation for payment of any one of the bills on any other day than that stated in the acceptance as the day it was due, nor is there any evidence showing when the acceptances were written by Turner, although his deposition, taken at Liverpool, sixteen months before the trial, was read in evidence by the plaintiff. All that is said on the subject in that deposition is: "The last three bills for £800, £850, and £800, drawn by defendants on me and accepted by me, and which matured on the 21st May and 31st May, 1878, were dishonored."

At the close of the evidence on both sides, and before the charge, the defendants requested the court to instruct the jury as follows, among other things: "That the bills of exchange sued on in this case are what are known to the law as foreign bills; that, upon such bills, three days, called days of grace, are allowed by law after the day on which they become due or mature; that such a bill does not become due, in fact or in law, on the day mentioned on its face, but on the last day of grace; that, unless such bills are duly protested on the last day of grace (or on the second day, if the last day be Sunday), such protest is not duly made, and the drawers and indorsers are thereby discharged from liability upon such bills. That, if the jury believe, from the evidence, and under the instructions of the court, that the bills of exchange sued on in this case were not protested upon the last day of grace (or upon the preceding day, if the last day fell on a Sunday), then the verdict of the jury must be for the defendants." The court refused to instruct as requested as to either of the above points, and the defendants excepted to each refusal.

The court then charged the jury that the plaintiff was entitled to a



verdict, and directed them to render a verdict for the plaintiff for \$10,937.13 damages, which was done. To such ruling and direction the defendants excepted. In the charge set forth in the bill of exceptions, the views of the court on the questions embraced in the instructions so requested and refused, were given in these words: "Several defences are urged against the plaintiff's right to recover. First, That the bills were prematurely presented for payment, and protested; that is, as I have said, the bills are payable sixty days after sight; they were accepted by Turner, and, by the terms of the acceptances, were made payable, the first two on the twenty-first, and the last on the thirty-first of May, 1878, and were protested for non-payment on the days on which they were respectively made payable. The defendants contend that, as the law allows three days of grace on all bills of this character, they should not have been presented for payment, or payment demanded, until three days after the date named in the acceptance, and that, therefore, the protests are void and inoperative. . . . As to the first point made, that the bills were prematurely protested, which is equivalent to saying they were never protested at all, this defence raises a question of law upon undisputed facts. The bills each appear on their face to have been accepted by Turner, on whom they were drawn, payable, the first two on the twenty-first, and the last on the thirty-first of May, 1878, and they were protested for non-payment on that day. There is no proof in the record, nor on the bills, nor has any been offered, tending to show when Turner first saw these drafts, that is, when they were presented to him for acceptance. The law applicable to these bills, giving sixty-three days from the time they were so sighted until they were due—that is, sixty days and three days grace—is unquestioned, and admitted to be the law governing the rights of the parties to this paper. This acceptor saw fit to make his acceptance payable on a day certain, and I am of opinion that the court must hold that, by the terms of this acceptance, he intended to, and did make the bills payable, without further days of grace, on the days named in his acceptance; and, therefore, the bills were properly protested for non-payment on the twenty-first and thirty-first days of May."

It is contended for the plaintiffs in error that the bills were prematurely protested, and the drawers were thereby discharged, because it does not appear that three days of grace were allowed, and that the court erred in ruling otherwise.

It was said by Chief Justice Marshall, in delivering the opinion of this court, in 1828, in *Bank of Washington v. Triplett*, 1 Peters, 25, 31: "The allowance of days of grace is a usage which pervades the whole commercial world. It is now universally understood to enter into every bill or note of a mercantile character, and to form so completely a part of the contract, that the bill does not become due, in fact or in law, on the day mentioned on its face but on the last day of grace. A demand of payment previous to that day, will not authorize a protest, or charge the drawer of the bill. This is universally admitted, if the bill has been accepted."

The days mentioned in the acceptances in this case, as those on which the bills would become due, are the twenty-first and thirty-first of May respectively, and there is nothing to indicate that those days are the last days of the three days of grace, computing sixty-three days from the several days of the writing of the acceptances. We are of opinion that it must appear affirmatively, in the case of bills and acceptances like those in question, that the acceptor, in designating the day of payment by the word "due," included the days of grace, or the day so des-

ignated cannot be regarded as the peremptory time for presentment, without any additional allowance.

Blackstone says (2 Com., 469) that where an accepted bill is not paid "within three days after it becomes due (which three days are called days of grace)," it may be protested for non-payment. In Chitty on Bills (p. 374) it is said that, where a bill is payable at a certain time after sight, it is not payable at the precise time mentioned in the bill, but days of grace are allowed, and (p. 376) that they are always to be computed according to the law of the place where the bill is due, which, in England (p. 375) gives three days. Chancellor Kent says (3 Com., 100, 101) that "three days of grace apply equally, according to the custom of merchants, to foreign and inland bills and promissory notes," and that "the acceptor or maker has, within a reasonable time of the end of business or bank hours of the third day of grace (being the third day after the paper falls due), to pay."

Baron Parke, in *Oridge v. Sherborne*, 11 M. & W., 374-378, states the rule very tersely in saying that days of grace are to be allowed in all cases where a sum of money is, by a negotiable instrument, made payable at a fixed day.

Acceptances, like those in question, made upon bills payable so many days after sight, are of rare occurrence. But no reported case has been found in England or in this country where such an acceptance has been held to have included, by mere force of its words, *ex vi termini*, the days of grace.

Some cases may here be referred to which go to support the conclusion at which we have arrived. In *Griffin v. Goff*, 12 Johns., 423, in 1815, a promissory note, dated August 12th, was made payable on the 1st of December, then next, and it was held that the indorser was discharged because payment was demanded of the maker on the 1st of December, and not on the 4th.

In *Kenner v. Creditors*, 7 Martin N. S., 540, in 1829, a bill drawn at sixty days' sight was accepted by an acceptance which was dated September 12th and made payable on November 14th, and was protested on the latter day. It was alleged that the holders had lost recourse on the drawers, (1) because the acceptance was made for payment on the 63d day after sight, instead of the 60th; and (2) because it was protested on the day of payment, instead of the last of the days of grace. But the court held that the 14th of November was the peremptory day of payment, and not the day from which the days of grace were to be reckoned, because it appeared from the face of the bill that the days of grace were included between the 12th of September and the 14th of November; that the acceptance was according to the tenor of the bill, and that the protest was timely. The view taken was that a dated acceptance is not vitiated by the express designation of a day of payment, when that day is designated according to the tenor of the bill, and that, when it appears, from a comparison of the tenor of the bill, the date of the acceptance, and the day designated for payment, that the latter is the third after the expiration of the days after sight, the day thus designated is the peremptory day of payment, the acceptance is according to the tenor of the bill, and the protest on the day expressly designated is timely. In *Kenner v. Creditors*, 8 Martin, N. S., 36, another case, decided a week after the former one, the acceptances, which were of bills drawn at 60 days' sight, were not dated, but were made payable on a day named. Proof as to the day of acceptance was admitted, and that being proved, it was held that the case fell under the rule in the case in 7 Martin, because it clearly appeared that both the days of sight and those of grace had been computed and included between the date of ac-

ceptance and that designated as the day of payment. These views were affirmed in another case in 1830. *Kenner v. Creditors*, 1 Louisiana, 120.

In *McDonald v. Lee's Administrator*, 12 Louisiana, 435, in 1838, a note dated May 5, 1835, payable on the 5th of November, 1837, "without defalcation," was held to be payable on the 8th of November, 1837, and not before.

In *Perkins v. Franklin Bank*, 21 Pick., 483, in 1839, a bank post note dated December 7, 1836, was made payable in seven months, with interest, "until due, and no interest after." On the margin were written these words, "Due July 7, 1837." It was held that the bank was entitled to grace on the note, and that the memorandum on the margin was not an express stipulation on the note that it should be payable without grace, within a statute allowing grace in the absence of such a stipulation. In delivering the opinion of the court, Chief Justice Shaw said: "Grace is an allowance of three days to the debtor to make payment, beyond the time at which, by the terms of the note, it becomes due and payable." In regard to the memorandum, "Due July 7, 1837," he said: "It shows when the note is to become due, and, in this respect, corresponds with the stipulation in the body of the note. The time it becomes due being fixed, the statute gives three days from that time for payment, under the term 'grace,' unless the contrary be expressly stipulated." A like decision was made in *Mechanics' Bank v. Merchants' Bank*, 6 Metc., 13, in 1843.

In *Bowen v. Newell*, 4 Selden, 190, in 1853, it was held that a negotiable draft on the cashier of a bank, dated October 5th, directing him to pay a specified sum on October 12th, could not be presented for payment, so as to hold the drawer and indorser, until October 15th.

In *Cook v. Renick*, 19 Ill., 598, 602, in 1858, it was said that, by the common law as adopted by the Legislature of Illinois, "a bill of exchange payable on a given day does not mature till three days after the day appointed on its face for its payment."

In *Coffin v. Loring*, 5 Allen 153, in 1862, it was held that the maker of a note which is payable by installments at future times certain, with interest, is entitled to grace on both the principal and the interest; and that the condition of a mortgage given to secure the payment of the same sums and interest, at the same times, is not broken until the expiration of the grace which is allowed upon the note. On the same principle it was decided in *Oridge v. Sherborne*, *ubi supra*, that the maker of a promissory note payable by installments on days named in the note, was entitled to days of grace on the falling due of each installment.

The case of *Ivory v. State Bank*, 36 Missouri, 475, in 1865, was like that of *Bowen v. Newell*, *ubi supra*. A negotiable draft on a bank, dated October 12th, directing it to pay a specified sum on October 22d, was held to be payable on October 25th, and not before.

The principle deducible from all the authorities is that, as to every bill not payable on demand, the day on which payment is to be made to prevent dishonor, is to be determined by adding three days of grace, where the bill itself does not otherwise provide, to the time of payment as fixed by the bill. This principle is formulated into a statutory provision in England, in the Bills of Exchange Act, 1882, 45 & 46 Vict., Ch. 61, § 14.

In the present case, the time named in the acceptance after the word "due" can be regarded only as the time of payment fixed by the bill, to which days of grace are to be added, and not as a date which includes days of grace. This view goes to the foundation of the action,

and makes it unnecessary to examine any other question, and leads to the conclusion that the judgment must be reversed, and the case be remanded to the Circuit Court, with a direction to award a new trial; and it is so ordered.

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## USURY.

### SUPREME COURT OF PENNSYLVANIA.

#### *Gutherie v. Reid.*

Where a National bank receives more than the legal rate of interest in the discount of a note, the interest-bearing power of the note is destroyed. When once so destroyed it remains so.

Paxson, J.—The court below was entirely right in opening the judgment held by the bank against John C. Reid. The satisfaction of the judgment, after notice that the amount was disputed, was improper; and, if not corrected in some form, was calculated to work injustice to Reid, for the reason that when he should attempt to call the bank to account for the proper application of his collateral, the bank could say to him, the judgment which we satisfied is conclusive upon you as to the amount due thereon. Nor do we see any breach on the part of Reid, of the contract with the bank by which the proceeds of the Bagley note were to be applied to the claims of the bank held against him. This judgment was not specified in said contract; it was doubtless included, but this did not justify the bank in applying more money on the judgment than was due thereon, especially in the face of a notice not to do so.

It is settled law that, where a National bank takes, receives or charges more than the legal rate of interest in the discount of a note, the interest-bearing power of the note is destroyed. And, when once so destroyed it remains so. The taint of the usury clings to it until paid. It is a dead note thereafter, so far as interest is concerned. *Lucas v. the Bank*, 28 P. F. Smith; *Bank v. Karmany*, 2 Out., 65. The rule thus indicated is a sound one. The object of the Act of Congress is to punish National banks for such violation of the law. The obvious way to avoid the punishment is not to commit the offence.

It was urged, however, that Reid, the maker of the note cannot avail himself of this defence, because the illegal interest was paid by Gutherie, for whom the note appears to have been discounted. The answer to this is that the bank, by its act, has destroyed the interest-bearing power of the note, and can recover no interest upon it from anybody. If this had been a suit by Reid to recover back interest paid by Gutherie, we would have had a different question, and *Bly v. The National Bank*, 28 P. F. Smith, 453, and other authorities cited by plaintiff in error, might have had some application.

The proceedings below are affirmed.

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CLINTON, MASS.—The stockholders of the Lancaster National Bank elected Directors on February 23d, and appointed a committee to adopt means for taking the bank out of the Receiver's hands. The total liabilities are \$246,240.

## LEGAL MISCELLANY.

**AGENCY—DEPOSIT OF MONEY OF PRINCIPAL BY THE AGENT—LIABILITY OF DEPOSITARY TO AGENT FOR DELIVERING THE MONEY TO THE PRINCIPAL.**—A sub-contractor received money of the general contractor in excess of what was due him, as the agent of the general contractor, to pay debts due to laborers and material-men, whereby to protect the principal from liability from the enforcement of liens, but, instead of paying out the money, deposited it with another for safe-keeping, under a promise of the latter to pay the same only to the depositor, or upon his written order. The depositary, on the demand of the principal to whom the money belonged, delivered the same to him. *Held*, that the depositary was not liable to the agent for a breach of his contract, the principal having the right to revoke the agency of the sub-contractor at any time before he paid out the money as directed. In such case the delivery of the money to the true owner will relieve the depositary of liability to the agent from whom he received it. [*Soloman v. Nicholas*, Ill. Sup. Ct.]

**CARRIER—LIABILITY ON BILL OF LADING—AGENCY.**—A common carrier is not bound by a bill of lading issued by its agent unless the goods be actually received for shipment; and the principal is not estopped thereby from showing by parol that no goods were in fact received, although the bill has been transferred to a *bona fide* holder for value. "Except as against a *bona fide* transferee of the bills of lading for value," remarks a recent writer, the "carrier may contradict it as to the delivery to him of the goods, or as to their description, quality, or condition." Abbott Tr. Ev. 537, § 45. Carrying the rule still further, Mr. Daniel, in his excellent work on Negotiable Instruments, volume 2, section 1,733, states it thus: "Although the bill of lading is signed by the master of the ship, his subscription is as agent for the owner, and the contract is binding upon them. But the master has no authority to grant a bill of lading unless the goods be actually received on board the ship; and if he transcends his authority in this respect, and the goods be not on board, the ship-owners will not be bound by the bill, although it be transferred to a *bona fide* indorsee for value." So it is said by the Supreme Court of the United States that the general owner is not "estopped from showing the real character of the transaction by the fact that libelants advanced money upon the faith of bills of lading." *Freeman v. Buckingham*, 18 How. 182; *Pollard v. Vinton*, 105 U. S., 7. In like manner Mr. Justice Davis, delivering the opinion of the court in the *Lady Franklin*, 8 Wall., 327, and reiterating the doctrine, says: "The attempt made in the prosecution in this libel to charge this vessel for the non-delivery of a cargo which she never received, and therefore could not deliver because of a false bill of lading, cannot be successful, and we are somewhat surprised that the point is pressed here." He adds: "In this case the bill of lading acknowledges the receipt of so much flour, and is *prima facie* evidence of the fact. It is, however, not conclusive on this point, but may be contradicted by oral testimony." Upon similar grounds are the rulings in this court which declare written acknowledgments of money received liable to contradiction by parol proof when no contract is formed by them, as in *Brown v. Brooks*, 7 Jones, 93; *Smith v. Brown*, 3 Hawks, 580, and other cases. [*Williams v. Railroad Co.*, N. Carolina Sup. Ct.]

**GUARANTY—EXECUTION WITHOUT PREVIOUS REQUEST—FUTURE ADVANCES.**—When a guaranty is signed by the guarantor without any previous request of the other party, and in his absence, for no consideration moving between them, except future advances to be made to the principal debtor, the guaranty is, in legal effect, an offer or proposal on the part of the guarantor needing an acceptance by the other party to complete the contract. [*Davis v. Richards*, U. S. Sup. Ct.]

**NEGOTIABLE INSTRUMENT—WAIVER OF PROTEST—EVIDENCE.**—Defendant was sued as indorser of a note. Over his signature was written the following: "I hereby waive protest of note." No notice of demand and non-payment was given defendant, and the note was not protested. Defendant admitted the indorsement, but claimed the words written over his signature were not there at the time of indorsing. *Held*, that the admitted signature of the defendant as it appeared upon the paper, was *prima facie* evidence both of his indorsement and waiver of protest; that, in the absence of evidence that a protest of the note was necessary to hold the indorser, and was a right upon which the indorser could insist, and therefore could waive, the court might well have found that the word "protest," as used by the defendant, meant notice, and that the defendant had waived notice of demand and refusal. *Brannon v. Hursell*, 112 Mass., 70; *Coddington v. Davis*, 3 Denio, 16; S. C., 1 Comst., 186. [*Johnson v. Parsons*, Mass. Sup. Ct.]

**CONTRACT—AS TO CONFEDERATE NOTES MADE DURING REBELLION—STATE STATUTE—ENFORCING LIEN FOR PURCHASE-MONEY OF LAND.**—Contracts made in the insurgent States during the late civil war between residents of those States with reference to Confederate notes as a standard of value, and not designed to aid the insurrectionary government, may be enforced in the National courts; and the value of the contracts is to be determined by the value of the Confederate notes in lawful money of the United States, at the time when, and place where such contracts were made. A statute of Virginia, of February, 1867, after declaring that in an action or suit or other proceeding for the enforcement of any contract, express or implied, made between the 1st day of January, 1862, and the 10th of April, 1865, it shall be lawful for either party to show, by parol or other relevant testimony, what was the understanding and agreement of the parties, either express or implied, in respect to the kind of currency in which the same was to be performed, or with reference to which as a standard of value it was made, provides "that when the cause of action grows out of a sale or renting or hiring of property, whether real or personal, if the court—or, when it is a jury case, the jury—think that, under all the circumstances, the fair value of the property sold, or the fair rent or hire of it, would be the most just measure of recovery in the action, either of these principles may be adopted as the measure of the recovery, instead of the express terms of the contract." *Held*, that the statute in this provision sanctions the impairment of contracts which is not under the Federal Constitution within the competency of the Legislature of the State. Accordingly, in a suit to enforce a lien for unpaid purchase-money of real estate sold during the war, for which a note was given payable in dollars, but shown to have been made with reference to Confederate notes, a decision that the plaintiff was entitled to recover the value of the land at the time of the sale, instead of the value of Confederate notes at that time, was erroneous. *Wilmington, etc., R. Co. v. King*, 91 U. S., 3; *Stewart v. Salamon*, 94 id., 434; *Cook v. Lillo*, 103 id., 793; *Rives v. Duke*, 105 id., 132. [*Effinger v. Kenney*, U. S. Sup. Ct.]

**GUARANTY—NOTICE OF ACCEPTANCE.**—In all cases of absolute guaranty accepted when given, whether for the extension of a present or the creation of a new indebtedness, notice of acceptance is not necessary to fix the liability of the guarantor; but where the event upon which the guaranty rests is future and depends upon the will of the guarantee, he must give notice of acceptance to the guarantor, before the latter becomes subject to any liability. [*Gardner v. Lloyd*, Penn. Sup. Ct.]

**CONTRACT—SEPARABLE OR ENTIRE—RIGHT TO RESCIND.**—Whether a contract is separable or entire depends upon the entirety of the consideration, or its express or implied apportionment to the several items constituting the subject, not upon the singleness of its subject, or the multiplicity of the items composing it. Defendant's witnesses, in an action for breach of contract, testified that he sold the plaintiff six car-loads of corn deliverable at different times for a price per bushel payable by sight drafts, and there was no evidence of an agreement that the whole price of all the cars was to be paid after final delivery. *Held*, that it was error for the court to charge, that if the defendant's testimony was believed the contract was entire, and the defendant was bound to deliver all the corn before demanding payment. 34 Am. Rep., 136. The defendant delivered one car-load, which was accepted by the plaintiff, and the sight draft therefor paid, but he refused to pay the draft accompanying the second car-load, whereupon the defendant stopped further shipments, and plaintiff claimed damages resulting from such refusal. The court charged the jury that if they found from the whole evidence that there was a contract made by defendant with plaintiff for the sale to the latter of six cars of corn to be delivered at different times, and the consideration was to be paid on each item or car-load, the contract was severable, and refusal to honor one draft would not rescind it, and plaintiff could recover for the breach in refusing to deliver the rest. *Held*, that this instruction was also erroneous. The jury should have been told, that if it was the contract of the parties that the corn was to be paid for at each delivery, whether one car or more, and the plaintiff refused to pay for a delivery which had been accepted by him, without some sufficient reason for such refusal, he thereby authorized the defendant to rescind, and if he did so within a reasonable time, the contract was at an end. *Rugg v. Moore*, Penn. Sup. Ct.

**CARRIER—BILL OF LADING—EVIDENCE TO EXPLAIN—CONSIGNEE BLANK—ADVANCEMENT OF MONEY BY BANK—NEGLIGENT DELIVERY OF GOODS—RIGHT OF BANK.**—A purchased lumber from B, intending to ship it to Chicago, but B attached it for non-payment of purchase-money, whereupon it was agreed by A, B and the station agent that the bill of lading should be issued to B, as consignor, and that he should hold it as security of his claim against A, and that they would take the bill of lading to a bank and draw sufficient money to pay B's claim. The bill of lading was issued without filling in any consignee, and was assigned and delivered with a draft attached, which the bank had discounted to the cashier of the bank. A directed the station agent, if he received no further instructions, to ship the lumber to Chicago to C, which was done, and the lumber was delivered to C, before the bank knew of it. *Held*, in an action by the bank against the railroad for delivering the lumber to C, that parol evidence was not admissible to show that the name of the consignee had been omitted by agreement of the parties; that the bank had a right to rely on the bill of lading, and was entitled to recover. In *Chandler v. Sprague*, 5 Metc., 306, it is said: "Ordinarily the name of a consignee is inserted, and then such con-

signee or his indorsee may receive the goods and acquire a special property in them. Sometimes the shipper or consignor is himself named as consignee, and then the engagement of the ship-owner or master is to deliver them to him or his assigns. Sometimes no person is named; the name of the consignee being left blank, which is understood to import an engagement on the part of the master to deliver the goods to the person to whom the shipper shall order the delivery, or to the assignee of such person;" citing *Abb. Ship.* (4th Am. ed.), 215. See also *City Bank v. Railroad Co.*, 44 N. Y., 136; *Low v. De Wolf*, 8 Pick., 101; *Glidden v. Lucas*, 7 Cal., 26. In *Hutchinson on Carriers*, § 134, it is said: "When there has been no agreement to ship the goods which will make the delivery of them to the carrier a delivery to the consignee, and vest the property in him, the shipper may, even after the delivery to the carrier, and after the bill of lading has been signed and delivered, alter their destination, and direct their delivery to another consignee unless the bill of lading has been forwarded to the consignee first named, or to some one for his use; citing *Blanchard v. Page*, 8 Gray, 285; *Mitchell v. Ede*, 11 Adol. & E., 888, and other cases. But after the carrier or his agent has given one bill of lading or receipt for the goods, he cannot give another unless the first and all duplicates of the same have been returned to him." The reason of this rule is obvious. An assignment of a bill of lading operates as a transfer of the title to the property therein described. As is said in *Meyerstein v. Barber*, L. R., 2 C. P., 45: "While the goods are afloat it is common knowledge, and I would not think of citing authorities to prove it, that the bill of lading represents them; and this indorsement and delivery of the bill of lading, while the ship is at sea, operates exactly the same as the delivery of the goods themselves to the assignee after the ship's arrival would do." Now it is perfectly manifest that if a carrier may issue a second bill of lading without requiring the return of the first, no reliance can be placed upon any such an instrument by those dealing with the consignor with reference to the property. And the same consequences would ensue if he should be permitted, without the surrender of a bill of lading, to ship the property to anyone other than that named in the instrument. In view of the well-known fact that the live-stock, grain and other products of this country are paid for upon advancements made upon bills of lading just as was done in this case, the interests of commerce seem to require that the rule that no alteration shall be made in contracts of this character without the production of the original, should be strictly enforced. The defendant appears to have had due regard to this rule when preparing its blank bills of lading. The last provision therein contained, to wit, "This bill of lading to be surrendered before property is delivered," was printed across the face of the instrument. It is claimed by counsel that this part of the contract was no part of the mutual obligation, but that it was a provision for the protection of the defendant which it might well waive. It is true it could, as it did in this case, deliver the property without the surrender of the bill of lading. But it did so at its peril. This bill of lading was issued with a full knowledge that it was intended to procure an advancement of money upon it; but whether the agent had such knowledge or not, third persons dealing with Wells & Co. were justified in believing that their assignee would receive the property upon the surrender of the instrument. [*Garden Grove Bank v. Humeston & S. R. Co.*, Iowa Sup. Ct.]



## THE INTEREST ON ATLANTIC BANK DEPOSITS.

Judge Pratt recently handed down his opinion in the matter of the application by the Assistant Attorney-General to have the receiver of the Atlantic State Bank, of Brooklyn, ordered to pay out a surplus of \$40,000 to the depositors instead of the stockholders. Mr. F. E. Dana, representing the Board of Education; Mr. Bergen, representing the Bridge Trustees, and Mr. Robert Van Wyck, representing the receiver, moved to the same effect. The motion was opposed by Mr. De Costa, representing Mr. Caldwell, a stockholder. Judge Pratt, in his opinion, says:

This is a motion to fix and determine the amount of interest, if any, to be paid by the receiver to the creditors of the Atlantic State. The facts are fully discussed in the papers, and in the report of the referee to whom the matter was referred to take proofs and report his opinion thereon. Time will not permit such an examination of the question as perhaps its importance demands; but, from the best thought I have been able to give the matter in the limited time, I am constrained to adopt the conclusions hereinafter set forth. I do not think the relation between a depositor and the receiver is that of a creditor and a debtor. This fact is an answer to the argument that the creditors have already received the principal of their debts, and hence are not entitled to interest; but this is not the best answer to that proposition. The fact is, they have not yet received the principal, strictly speaking, as the payments should first be applied to the discharge of the interest then due and the balance applied in payment of principal, hence the principal has not yet been paid in full. Again, the creditor has no option in the matter. The dividends are declared by the Court and he must take, if at all, as the Court directs. Neither can the receipt be a bar to a claim for interest, as it was given with the understanding that the question of interest should be reserved for and decided by the Court. The form of receipt, however, is immaterial, for I doubt if a receiver could make any just contract binding on the creditor. The receiver is a mere officer of the court to distribute the funds under its orders. If these views are correct the question occurs unembarrassed by any question of contract between the receiver and the creditors on any presumption arising from a full payment of the principal. The strongest argument against an allowance of legal interest to the suggestion that the fund for the payment of the creditors has been taken possession of by the court under the law for the benefit of the creditors, and the debtor prevented by the power of the State from paying. It may be claimed that the proceeding is somewhat in the nature of the power exercised by the court in an interpleading where the money is impounded to await the determination of the claims of rival claimants. In the latter case the debtor pays the money into court and the relation of debtor and creditor is ended. In the present case the debt remains unpaid, the debtor remains a debtor and the creditor is deprived of the use of his money. It seems to be conceded that if the claims of the creditors had been put into judgments that such judgments would draw interest as damages. The remarkable construction seems to be that the proof of a claim in such a proceeding is equivalent to receiving a judgment upon it. The purpose of a judgment is to determine beyond all dispute the nature and amount of a claim. Here the creditors are enjoined from bringing actions and the claims are determined by prescribed proof. This fixes the rights of the creditors as to the fund as completely as any

judgment. In other words, the claims, when proved, "were of the same efficacy as judgments and occupied the same legal grounds." The proof made must, therefore, be assumed as stating the correct amount due in each case, so that there can be no claim made for interest accruing prior to the date of the proving the claim, but each creditor is entitled to interest at the legal rate upon the amount proved from the date of making the proof as damages, the same as upon an ordinary judgment. The case of the *National Bank of the Commonwealth v. the Mechanics' Bank*, 94 United States Reports, p. 437, holds this doctrine. But it is urged, however, that the above case was one arising under the United States Banking laws and hence not binding upon the courts of this State. This is true, but the decision in that regard did not rest upon the terms of the statute as expressly stated in the opinion, but upon common law principle. In the absence of any authoritative decision upon this subject in this State I feel constrained to apply the doctrine laid down in this case. It is a hard case for the stockholders, but that furnishes no occasion for making bad law. If these views are sound an order must be entered as prayed for by the Attorney-General, and allowing interest at the rate of 6 per cent. upon all claims proved under the principles applicable to partial payments.

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

### I. PARTIAL PAYMENTS—COMPUTATION OF INTEREST.

January 1st, 1884.

Two years after date, with interest at six per cent. per annum, I promise to pay to the order of Hiram Jones three thousand dollars, for value received.

JOHN SMITH.

On the first day of January, 1885, Smith paid Jones one thousand dollars, which was entered as a credit on the note. Jones insists that the credit of \$1,000 shall be subject to the usual rule of partial payments when interest is overdue. Jones also insists that the interest and principal of the note being due and payable at the same time, the interest on the note and credit should each be computed to the maturity of the note.

REPLY.—The proper method of computing the amount due upon this note is the following: To the principal of the note add the interest due January 1st, 1885, and from the sum of the two subtract the amount of the payment made on that day. The balance is the amount of principal then due, upon which interest is to be computed to the maturity of the note. See *BANKER'S MAGAZINE*, January, 1885, p. 545; February, 1885, p. 621; February, 1886, p. 622. *E. G.*,  $\$3,000 + \$180 = \$3,180 - \$1,000 = \$2,180$ .  $\$2,180 + \$131.89$  (interest from January 1st, 1885, to January 4th, 1886, the maturity of note) =  $\$2,311.89$ , the amount due.

### II. WAIVER OF PROTEST ON FACE OF NOTE.

Our bank is using a printed form of note reading "The makers, indorsers and guarantors of this note hereby waive demand of payment and notice of non-payment of same." Our leading attorneys here assure us that an indorser or guarantor would be held liable on a printed form of this kind *without protesting*, whether he sign his name on the face (below that of the maker) or on the back of note, and whether he has read or known of the said clause being printed in the note or its meaning before signing or not. But one of our attorneys said to us to-day, "Your note should have this clause printed or written on the back to hold the indorsers. I do not regard it as a good waiver when printed in the face of a note—especially where the securities sign on the back of note."

Oblige me by stating in your valuable monthly whether our form, as used by us, *with the waiver printed in the face of note*, will hold securities, *whether signing on face or back of note*.

REPLY.—Mr. Daniel, in his chapter on Excuses for want of Presentment—Negotiable Instruments, § 1,092—says, "Sometimes the waiver is embodied in the instrument itself, and in such cases the waiver enters into the contract of every party who signs it, whether as drawer, maker, acceptor or indorser. Thus, where the words "presentation and protest waived," or "notices and protests of non-acceptance and non-payment waived," are written in the bill, they are binding, not only upon the drawer, but also upon the indorsers, who become parties to the waiver in becoming parties to the bill. Clearly, this is the case where such a waiver expressly includes the drawer and indorsers." And he cites the cases of *Bryant v. Merchant's Bank*, 8 Bush (Ky.), 43; *Smith v. Lockridge*, 8 Bush. (Ky.), 423; *Lowry v. Steele*, 27 Ind., 170; *Bryant v. Lord*, 19 Minn., 397. These authorities appear to be conclusive of the questions raised by the inquiry.

### III. SEPARATE BANK ACCOUNTS.

I wish to have you answer the following question in your Magazine:

A—Country bank; B—City bank, correspondent of A; C—County in which A is located.

A has two accounts with B—"general," and "C coupon." C issues bonds, making the coupons payable at B. The coupon account is not large enough to pay all the coupons; has B the right to charge some of them to A's general account, or to transfer some of the credit of general account to the coupon account without A's consent? Would it make any difference if B was situated in the State of New York?

REPLY.—The answer to this inquiry depends upon the arrangement between A and B in respect to the payment of the coupons. If the arrangement was that B should pay the coupons and charge the same to A, and the separate "C coupon" account was only kept for A's convenience, in order to keep its county money separate from its general account with B, then B might pay the coupons under its general authority, and, if the "C coupon" account was insufficient to pay them, might take what was necessary, to make up the amount paid, from A's general account. If the authority to pay was general, no special consent would be necessary to authorize the charge to the general account.

The general rule is, that when a customer opens several accounts, all these accounts are, unless in the case of trust accounts, in reality one account, and may be so treated by the bank. That is, the bank may withhold money due upon one account to supply a deficit in another account, provided the money thus withheld is not money deposited by the customer as trustee or agent, of which trust or agency the bank has notice from the heading of the account. See Walker's Banking Law, p. 28. In *re European Bank, Agra Bank Claim L. R.*, 8 Ch., Ab. 41. *E. G.* In this case B would probably be unable to withhold a part of the "C coupon" to cover a deficit in the general account. If, on the other hand, the arrangement between A and B was that B should pay the coupons only to the extent of the money properly to the credit of the "C coupon" account, then, of course, B would have no right to charge any coupons, paid by it, to A's general account. The inquiry does not disclose what the precise arrangement between A and B really was, and we are unable to answer it further. We do not understand that it would make any difference that B is situated in New York, as the question is one of general banking law.

## BANKING AND FINANCIAL ITEMS.

— MESSRS. GORHAM, TURNER & CO., have commenced the banking business at 35 Wall Street, New York. The firm is composed of Mr. Austin C. Gorham, Mr. Charles W. Turner (member New York Stock Exchange), and Mr. Charles C. Noble. The members of the firm have each had a large experience, and are therefore well fitted for conducting a successful banking and brokerage business.

KNICKERBOCKER TRUST COMPANY.—The fact should be borne in mind that checks on this institution pass through the New York Clearing-house, and are therefore as convenient as checks on any other Clearing-house bank. The aggregate of the Knickerbocker's deposits is constantly increasing, and its depositors steadily growing more numerous. Mr. Joseph T. Brown, the secretary, is uniformly courteous to those desiring to transact business with the Knickerbocker, and is getting high praise for the admirable manner in which he conducts his part of the company's business. We have in this connection only sufficient space to write the name of President Frederick C. Eldridge, but that, in itself, will speak volumes to any one who has ever met that gentleman.

ALWAYS ROOM AT THE TOP.—The success of the banking-house of Messrs. J. R. T. Brown & Co., 234 Broadway, New York, since the firm began business in October last, has been as rapid as it has been remarkable. A number of banks and bankers throughout the country have constituted the firm one of their New York correspondents, and new ones are being added daily. While the members of the house are all young men, it will nevertheless be their policy to do a sound, conservative banking business. The firm has been particularly fortunate in the choice of its chief assistants, and has the different branches of the business admirably systematized. Mr. Thomas J. Toomey, the cashier, has excellent qualifications for the position he fills. The department of loans and investments is presided over by Mr. Frank Brown, who is well fitted, both by nature and experience, to render the transaction of business in his department a pleasure to the customers of the firm. In the department of commercial paper Mr. David Herrick is in charge, and he is an authority on the subject of commercial paper. It will therefore be seen that Messrs. J. R. T. Brown & Co. are fully prepared to promptly transact all business entrusted to them. They are getting their share now, and it is steadily increasing.

PARTIAL PAYMENT AND INTEREST.—Francis G. Anthony, the Assistant Tax Collector, and one of the most expert accountants in this city, in conversation recently, stated that over a hundred years ago Judge Henshaw rendered a decision calculating interest on partial payments, and that the decision was affirmed by the Supreme Court of Errors in 1841. Mr. Anthony then called attention to Kirby's Reports, Vol. I., page 49, which reads as follows: "In this county [County of New London], March term, 1784, the Court established a standing rule for computing interest on obligations, where one or more payments have been made, which follows: Compute the interest to the time of the first payment; if that be one year or more from the time the interest commenced, add it to the principal, and deduct the payment from the sum total. If there be after payments made, compute the interest on the balance due to the next payment, and then deduct the payment as above; and in like manner from one payment to another, till all the payments are absorbed, provided the time between one payment and another be one year or more. But if any payment be made before one year's interest hath accrued, then compute the interest on the principal sum due on the obligation for one year, add it to the principal, and compute the interest on the sum paid from the time it was paid up to the end of the year, add it to the sum paid, and deduct that sum from the principal and interest added as above. If any payment be made of a less sum than the interest arisen at the time of such payment, no interest is to be computed, but only on the principal sum for any period."—*New Haven Palladium*.

— THE total of United States notes redeemed, as required by the Resumption Act, at the United States Treasury since July, 1879, has been \$15,806,486.

— A STATEMENT recently prepared by the United States Treasurer shows that out of \$222,739,430 standard silver dollars, coined up to February 20th, \$51,627,889 were in circulation on that date. Of 205,784,381 silver dollars, coined up to July 31 last, \$39,284,433 were then in circulation. The amount of standard dollars in the Treasury, after deducting silver certificates in circulation February 20th, was \$82,587,546, as compared with \$67,627,842 in the Treasury at the close of July, 1885.

**FORGED INDORSEMENT OF A DRAFT.**—The Bowery National Bank of New York City, sued F. J. Prella, a cigar dealer, for \$324, in the Supreme Court. The action was brought to recover the value of a draft for \$324 of the First National Bank of Philadelphia on the First National Bank of Boston, payable to the order of Anna R. Eyre, and by her indorsed to the order of Charles Sisson and sent to him by mail. Sisson never received the draft. It was deposited with the Bowery Bank for collection by Mr. Prella, with the indorsement of Sisson forged upon it and made payable to H. B. Young, who in turn indorsed it to Prella. In defence Prella stated that he instructed the bank to find out whether it was good at the time he deposited it. A verdict was given for the bank.

**A FIGHT WITH A BURGLAR.**—Soon after two o'clock on the morning of the 25th of February, Robert Smith, cashier of the First National Bank at Palmyra, N. Y., was awakened by an unusual noise in the dining-room of his house. He arose quietly and started to go toward the room when he encountered a burglar. Without calling for help, Mr. Smith grappled with the man, and a terrible struggle for supremacy followed in the dark room. The table was tipped over and the crockery and silverware were scattered over the floor. At first the burglar had the best of the struggle, having dealt Mr. Smith a heavy blow over the head with a cane. By his superior strength Mr. Smith finally overpowered his antagonist and held him a prisoner on the floor. The burglar threatened to call for assistance from his pals outside, but he was told that if he raised his voice he would be shot on the spot. With the aid of some of the ladies of the house, who were fairly frightened out of their wits, Mr. Smith bound him hand and foot. The village police were then notified, and he was taken to the lockup. He wore a black mask, and had a full set of burglar's tools.

The captured man said that his name was Frank C. Moore, and that he lived in Albany. Mr. Smith was quite badly injured in the struggle.

**ANOTHER CALL OF BONDS.**—The Secretary of the Treasury, on the afternoon of the 20th of February, issued the 134th call for the redemption of bonds of the three-per-cent. loan of 1882. Notice is given that the principal and accrued interest of the bonds will be paid at the Treasury of the United States, in the City of Washington, D. C., on the 1st day of April, 1886, and that the interest on said bonds will cease on that day. Following is a description of the bonds:

Three-per-cent bonds, issued under the Act of Congress approved July 12, 1882, and numbered as follows:

\$50—Original number 285 to original number 297, both inclusive, and original number 1,368 to original number 1,375, both inclusive.

\$100—Original number 2,108 to original number 2,148, both inclusive, and original number 9,864 to original number 9,879, both inclusive.

\$500—Original number 1,046 to original number 1,062, both inclusive, and original number 4,201 to original number 4,209, both inclusive.

\$1,000—Original number 9,031 to original number 9,188, both inclusive, and original number 23,588 to original number 23,653, both inclusive.

\$10,000—Original number 15,459 to original number 16,448, both inclusive. Total, \$10,000,000.

The bonds described above are either bonds of "original" issue, which have but one serial number at each end, or "substitute" bonds, which may be distinguished by the double set of numbers, which are marked plainly "original numbers and "substitute numbers."

All of the bonds of this loan will be called by the original numbers only.

**MINNEAPOLIS.**—This city is soon to have a company on the plan of the title guarantee companies of New York and Philadelphia, which will furnish correct abstracts of title to all lands in Hennepin County, Minnesota. There is a field of great usefulness for such an institution in Minneapolis, as there has proved to have been for one in New York and Philadelphia.

**CHANGE OF SYSTEM.**—The Spring Garden Bank of Philadelphia will soon reorganize under the National Banking Act. The Spring Garden is one of the best known of Philadelphia banks, and the Spring Garden National will have the same officers. The statement at the close of business on January 4th, 1886, shows a capital stock of \$469,275, with undivided profits of \$36,354.14, and deposits of \$1,276,814.

**BANK TAXATION.**—The National and other incorporated banks in the State of Pennsylvania are generally taking advantage of the provision of the new revenue Act exempting from taxation shares of stock and so much of the capital and profits as are not invested in real estate, provided these institutions collect annually from their stockholders six mills on the par value of each share, and pay the money into the State Treasury on or before the 1st of March in each year. Some of the banks, however, propose to take the consequences of a failure to pay this tax. Of those it will be required to report in writing through their president or cashier to the Auditor General on or before June 20, the amount of their capital stock and that paid in, a complete list of stockholders, the par value of each share, and the value of each share, and the value of the stock in the market where such bank is located during the year ending June 20. A duplicate of the report will be furnished the Commissioners of each county, to be used by them for the purpose of assessing taxes against shareholders. The Auditor General is authorized to inquire into the value of the stock of the banking institutions failing to pay the six-mill tax, and either abate or increase the assessment as may be just, and to settle accounts against shareholders of three mills on the market value of their stock. The Auditor General is also required to transmit the assessments made by him to the County Commissioners, to be used by them in assessing taxes against the shareholders, who would therefore be required to pay a three-mill tax for State and local purposes. The penalty for failure to report to the Auditor General, as required by the Act, is \$1,000 in each case. The bank tax under the new revenue law is expected to reach \$375,000.—*Philadelphia Times*.

**NATIONAL BANK OF THE REPUBLIC, PHILADELPHIA.**—The elegant illustration of this bank's building in the *BANKER'S ALMANAC AND REGISTER* for January, 1886, has elicited much favorable comment from bankers, all over the country. It would, therefore, seem in order to furnish some particulars concerning this progressive institution. The interior of the National Bank of the Republic's fine edifice has been admirably arranged to afford the greatest convenience for the conduct of the bank's business. The banking-room is one of the best ventilated and best lighted in the United States. The bank was organized on December 5th, 1865, and is duly authorized to continue until December, 1905, under a renewal of its charter. The annual statement exhibits a gratifying increase of business since the date of its occupancy of its new quarters, at 313 Chestnut street, about a year ago. It has a capital of \$500,000, with a surplus of \$250,000, and undivided profits of \$48,000. Its deposits average \$2,500,000. Mr. William H. Rhawn is president, and Mr. Joseph P. Mumford, cashier, and they have been nearly twenty years together in their respective positions. As the directors of the National Bank of the Republic are among the most active business men as well as substantial citizens of Philadelphia, we subjoin their names. They are: William H. Rhawn; Frederick A. Hoyt, F. A. Hoyt & Co.; Charles Richardson, Iron and Fertilizers; William Hacker, Coal & Canal Cos., Pa. R. R.; William B. Bement, Bement, Miles & Co.; Charles T. Parry, Burnham, Parry, Williams & Co.; James M. Earle, James S. Earle & Sons; John F. Smith, MacKellar, Smiths & Jordan Company; Howard Hinchman, Howard Hinchman & Son; Henry W. Sharpless, Sharpless Brothers; Edwin J. Howlett, E. J. Howlett & Son; Edward K. Bispham, Samuel Bispham & Sons; Henry T. Mason, Glue, Curled Hair, etc.

— THE Pennsylvania Railroad Company employs quite a respectable army of men—70,000 in all.

HARRISBURG, PA.—The capital of the Commonwealth Guarantee Trust and Safe Deposit Co., of Harrisburg, is now \$250,000. Its surplus is \$10,000, and undivided profits, \$4,540.91.

— THE Baltimore and Ohio Railroad Company's new line to Philadelphia will be completed, and in operation, by July 1st. Connection will be made in Philadelphia with the tracks of the Reading Railroad.

— HARRISON PHOEBUS, a director of the Norfolk (Va.) National Bank, and well known as the proprietor of the Hygeia Hotel, at Old Point Comfort, died suddenly of heart disease on the 25th of February. He was only forty-six years of age.

FINANCIAL HISTORY OF THE UNITED STATES.—The third and concluding volume of Professor Albert S. Bolles' "Financial History of the United States" is before the public. It covers the period from 1861 to 1885. Most of the facts chronicled in it are familiar to the attentive newspaper reader of the last quarter of a century, but the book is nevertheless a valuable record of the most important financial events in the history of the country, and useful for reference. The difficulties, dangers and triumphs of the Government's fiscal operations early in the War are well portrayed, and the wonderful course of the debt-paying outlined. The inception and progress of the National Banks are described; also the system of internal taxation, the tariff, the whisky frauds, etc. The book is quite worthy the attention of both learners and political economists. It is the best financial history the country has, thus far.—*Chicago Tribune*.

EFFECTS OF A DECISION.—Nothing else has been talked about in the State of New Jersey for several weeks but the decision of the Supreme Court declaring the Railroad Tax law unconstitutional. The only assessments out of them all that stand under the decision are those collected from miscellaneous corporations amounting to \$236,000. It is alleged that the State is in a bankrupt condition, and that if the railways do not come to the rescue it will remain so for some time. The State Comptroller has shut down on all demands made on the Treasury, and has refused to sign all warrants, and will continue to refuse, until some mode of relief is adopted. There is not enough money on hand to meet the ordinary and legitimate demands on the Treasury. Members of the Legislature, and even the pages, were refused checks on February 19th. Everything is at a standstill, and no one knows when a change will occur for the better. It is said that the Attorney-General is preparing a writ of error. He is in conference with a prominent banker, and those well posted assert that such action will be taken.

A PROSPEROUS SAVINGS BANK.—The "Old Saving Fund," as it is called, at the southwest corner of Seventh and Walnut Streets, Philadelphia, contains nearly \$26,000,000 that are the savings of over 105,000 persons. At least half of these people are women, and nearly 23,000 new accounts were opened last year. This venerable institution, which enjoys so largely the confidence of the community, has been over 70 years growing to its present condition, and has all the time been increasing the surplus held for the protection of the depositors, its assets upon Jan. 1 having been \$27,366,628, or \$1,959,477 in excess of the aggregate deposits, \$25,407,150. Of this large sum it held \$1,430,554 in cash ready for draft and \$2,861,025 in temporary loans capable of immediate conversion into cash. Its invested assets are in United States, State and city loans and solid railway mortgages, and are carried in most instances at figures much below the market value, so that if realized upon the surplus would be largely increased. Nothing is carried at a valuation above par, and many items are at lower figures, so that if the magnificent list of \$19,370,228 of Government, State, city and other bonds were converted into cash at present prices the surplus of the Saving Fund would far exceed \$4,000,000. It can be said without exaggeration that no similar institution in the world can exceed its showing of assets, its margin of safety for depositors, or the unquestioning trust reposed so properly in it by such a large number of people. The "Old Saving Fund" keeps the money of one-eighth the entire population of Philadelphia, and were it not for the rigid rule restricting each one's annual deposit to \$300 the aggregate would probably be doubled.—*Philadelphia Ledger*.

— MR. EDWARD KING has been again re-elected president of the Union Trust Co. of New York.

— It is settled that East New York (Long Island) is to have a National bank shortly. We will announce the names of the officers, etc., later on.

BOSTON.—If the growth and expensiveness of hotels furnish any test of a city's increase in business and population—and we believe they do—Boston must be thriving. The improvements recently made in three of the principal hotels cost upwards of \$400,000.

ABOUT MEXICO.—Mr. F. A. Ober, in the course of a lecture, recently, under the auspices of the Webster Historical Society in Boston, said: "Mexico has within her bosom almost every kind of metal and gems—gold, silver, copper, iron and lead, with diamonds, rubies, emeralds, garnets, marbles and other valuables. Her greatest want is coal, which has not been found in any quantities; neither has petroleum. Recall to mind the vast wealth found by Cortes in 1520, about seventy leagues away from the capital, but where others have since been unable to discover any treasure." He described how foreign capitalists had often tried to make mining profitable in Mexico, but had almost as often failed, leaving their valuable machinery behind them for the use of the natives. Indeed, he calculated that the English had alone lost \$150,000,000 there. In all, it was calculated that the country had produced more than \$4,000,000,000 worth of silver, and in 1875 one mine showed \$20,000 worth per day for five years.

THE NEW BANKING-HOUSE OF FENNESSY, ARMSTRONG & CO.—A new private banking concern which was opened at the beginning of the year, in Springfield, Mass, will have as heavy backing as any house of the kind in New England, outside of Boston. The house is styled Fennessy, Armstrong & Co., and is made up of A. L. Fennessy, for six years cashier of the banking concern of J. G. Mackintosh & Co., of Springfield and Holyoke, L. Armstrong, senior member of the firm of L. W. & P. Armstrong, of New Haven and New York, importers and shippers, and L. M. Armstrong, of the New Haven firm of L. Armstrong & Son. The Armstrongs have been well known in commercial circles for over 50 years, and are among the directors of several New York and New Haven banks, which guarantees the new local banking concern considerable prestige throughout New England. The active resident partners will be A. L. Fennessy and L. W. Armstrong, who is a brother-in-law of Mr. Fennessy. The house will do a general banking business, with especial reference to interior banks, bankers, institutions and corporations, receiving deposits, and drawing commercial letters of credit payable in all parts of the world. They have leased the banking-room formerly occupied by J. G. Mackintosh & Co., which has been thoroughly overhauled and refitted.

THE BUSINESS OUTLOOK IN THE NORTHWEST.—We recently had a call from Ezra Farnsworth, of Minneapolis, President of the Farnsworth Loan and Realty Co., of that city, and we learn from him that the prospects are bright for good business in the Northwest for the coming season. Collections have been good, and profits generally satisfactory during the past year among the merchants and manufacturers of Minneapolis. The growth of the city is steady, some 1,800 new firms having been rated by commercial agencies during the past year, and the State census, completed in August last, shows a population of over 129,000, and 111,000 in St. Paul. This wonderful prosperity is based upon the development of tributary country and extension of railroad facilities. Gratifying features of the real estate business are the much larger proportion of cash payments, and the erection of many fine warehouses and office-buildings. There is a steady demand for good mortgage loans and commercial paper from eastern investors. Mr. Farnsworth is well known in Boston and New York—having been formerly partner in the well-known commission-house of Parker, Wilder & Co., and having supplemented his conservative eastern business training by several years' experience in business in Minneapolis, he is familiar with real estate values and with the standing and credit of the leading business men of Minneapolis and St. Paul. We commend the Farnsworth Loan and Realty Co. to the favorable consideration of those seeking investments in their line. It may be here remarked that the cities of Minneapolis and St. Paul are rapidly advancing in commercial importance, and they are destined, at no distant day, to rank amongst the chief commercial centers of the country.



— THE total value of all the silver produced in the United States during the year 1885 was less than \$50,000,000.

— THE Omaha National Bank has recently petitioned Congress for permission to amend the charter of the bank, so as to allow an increase of capital stock to \$2,000,000 at the maximum. The original charter of the Omaha National Bank does not permit of an increase beyond \$500,000, which amount of capital the bank now has.

**INVESTMENT SECURITIES.**—The banking-house of Messrs. Wilson, Colston & Co. has been established for over twenty years in Baltimore. The firm own the property in which they do business, at 134 West Baltimore street. They make a specialty of investment securities in which they do a large and growing business, and are a recognized authority on Southern securities. They also deal in water-works bonds for Western cities, and in this line furnish an unsurpassed investment security.

**THE PACIFIC BANK OF SAN FRANCISCO.**—This, the oldest chartered bank on the Pacific Coast, with a million dollars as capital and a surplus fund of half that amount, is a representative institution of the State. Though the past year has been rather a bad one for general business, this bank has been able to pay its annual dividend of ten per cent. to the shareholders, besides adding to its surplus fund. Mr. R. H. McDonald, the president, says that so far as the business of the bank is concerned, he has no fault to find with the showing for 1885, though the year we are now entering upon will probably largely increase their business.—*San Francisco Journal of Commerce.*

**FIRST NATIONAL BANK OF OMAHA.**—Omaha will soon have a new bank building of which it will have reason to be proud, in the edifice which the First National Bank contemplates erecting shortly. The new structure will be one of the finest in Nebraska, and will cost, when completed, in the neighborhood of \$150,000. It will be six stories in height, with a high basement which will be supplied with safety deposit vaults of an elaborate design. The new building will be 66 feet by 132 feet in width and depth, and the banking room will be the largest west of Chicago, that is, 66 feet by 88 feet. The officers of the First National Bank of Omaha are: Mr. Herman Kountze, president, and Mr. F. H. Davis, cashier. Its capital is \$500,000, and surplus \$150,000, including undivided profits.

— AMONG the new banks of the country the Bank of Omaha, Nebraska, merits a special mention. It began business on the 2d of November, 1885, with an authorized capital of \$250,000. Mr. A. Henry is president, and Mr. Thos. H. McCague, cashier. Referring to the officers of this bank, Mr. Ezra Millard, the well-known president of the Commercial National Bank of the same city, is quoted by a reporter as follows: "Mr. Henry, the president, is a director in this bank, and is a strong man financially and well-known throughout Nebraska. Mr. McCague was teller here from the time the bank started till he opened the new bank last November, and is a young man of wide experience in the banking business. Both gentlemen possess the elements of success in a high degree and are entirely worthy the confidence of the community."

**THE FRANKLIN BANK OF BALTIMORE**—By an amendment to its charter, is authorized and empowered to allow interest on deposits made for any certain time and specified as may be agreed upon between such depositor and said corporation. The officers have therefore had engraved a very neat certificate of deposit, for use in such cases. The officers of the Franklin Bank are: Mr. Chas. J. Baker, president, Mr. V. Emory Gardner, cashier, and the directors as follows—Benjamin Whiteley, late of Whiteley, Bro. & Co., Wholesale Dry Goods; George Sanders, of George Sanders & Son, Wholesale Teas; Charles Webb, of James Armstrong & Co., Soap and Candle Manufacturers; Hugh Sisson, of Hugh Sisson & Sons, Steam Marble Works; Charles E. Baker, of Baker Bros. & Co., Manufacturers of Baltimore Window Glass, Druggists' Glassware, and Importers of Chemicals, Paints, etc.; Henry McShane, of Henry McShane & Co., Brass Founders and Finishers, Proprietors of Phoenix Iron Works; Charles F. Diggs, Agent Philadelphia, Reading Coal and Iron Co.; Edward Nieman, of Gieske & Nieman, Leaf Tobacco and Commission Merchants. See **BANKER'S ALMANAC AND REGISTER** for capital, surplus and correspondents.

— A bank will soon be established at Leesburg, Florida. This information is not copyrighted.

— A copy of the first book on arithmetic, of which only two copies exist, was sold in London recently for \$200.

— A DES MOINES (Iowa) man canvassed the banks of that city the other day for funds with which to push his suit for divorce.

— There is a rare postage stamp, said to be worth \$600 to \$800 to collectors. It is the one issued by the Postmaster of Brattleboro, Vt., in 1847, which was suppressed after a few weeks.

— COUNTERFEIT half-dollars that have been put afloat in this and neighboring States, are spoken of by a newspaper as being "so excellent that most people would prefer the spurious coin to the genuine."

CINCINNATI.—The Fidelity National Bank, of which Mr. Briggs Swift will be president, has elected the following directors: J. H. Mathews, A. P. Gahr, Wm. Woods, W. H. Chatfield, Hon. Charles Fleischmann, G. Y. Roots, Sol. Kineon, and Harry Morehead.

— AMONG the new banks that deserve especial mention is the Bank of Wentworth, Dakota. Mr. M. V. Allen, the cashier, is well and favorably known as the former cashier of the Bank of Winfred. Messrs. J. R. T. Brown & Co. are the New York, and the National Bank of Illinois the Chicago, correspondents of the Bank of Wentworth.

— IT would seem to be in order for some rigid casuist to argue that defalcation and death are not only alliterative but synonymous terms. The suicide of Charles S. Hill, cashier, and Mahlon Runyon, president, of the First National Bank of New Brunswick, N. J., some time since, is now followed by the announcement of the demise, on the 25th of February, of the widow of the former. No reflection is intended by these remarks upon the character of the dead woman. It is certain, on the contrary, that she was honest.

A NOVEL MEANS OF IDENTIFICATION.—The paying tellers of the Bank of England are often required to give evidence as to the identity of persons accused of passing stolen or forged checks. When they are questioned on their oath in a court of law they sometimes are unable to swear that the prisoner in the dock is the man who presented the check for payment, as they have only seen him for an instant, and in the midst of a hurrying crowd. In future they will be spared the difficulty. If at any time they have any reason whatever to regard the payee of a check as a suspicious person, they will only need to make a sign and he will be instantaneously photographed by a concealed operator, who is now one of the regular staff of the bank.

THE BANK OF VENICE.—The Bank of Venice, the first of its kind established in Europe, was founded in 1171. It owed its existence to the long wars between the Guelphs and the Ghibellines, and the Government's need of money for conducting them. Having exhausted every other resource, the State was obliged to resort to forced loans from its wealthy citizens. Then was organized the Chamber of Loans, which by degrees assumed the form of a bank. It is said of this institution that "it was for many ages the admiration of Europe, the chief instrument of Venetian finance, and the chief facility of a commerce not surpassed by that of any European nation." Funds once deposited in the bank could not be withdrawn, but were transferable at the pleasure of their owners upon its books. So thoroughly did the bank credits become the means through and by which the financial operations of the people were conducted, that with scarcely an exception during its entire existence, these credits were at a premium over coin, the latter being often clipped and worn, as well as being of various countries and uncertain values. We may infer that the people were well satisfied with the workings of the bank from the statement of a well-known economical writer that "no book, speech, or pamphlet has been found in which any merchant or dweller in Venice ever put forth any condemnation of its theory or its practice." The Bank of Venice continued without interruption until the Venetian Republic was overthrown by the revolutionary army of France, in 1797.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from February No. page 631.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ALA....	Opelika.....	First National Bank.....	Winslow, Lanier & Co.
	\$ 50,000	Frank M. Renfro, <i>Pr.</i>	Orrin Brown, <i>Cas.</i>
COL....	Glenwood.....	Glenwood L'd & Trust Co.	.....
	\$ 10,000	John C. Blake, <i>Pr.</i>	Samuel F. Spencer, <i>Cas.</i>
" ..	Trinidad.....	Trinidad National Bank..	Chemical National Bank.
	\$ 50,000	Lonny Horne, <i>Pr.</i>	Thos. D. Collier, <i>Cas.</i>
DAK....	New Rockford..	Bank of New Rockford...	National Bank of the Republic
	\$ 10,000	Mark H. Donnell, <i>Pr.</i>	Wm. N. Frank, <i>Cas.</i>
" ..	Plankinton ....	Farmers & Merchants' B'k	.....
		R. B. Hart, <i>Pr.</i>	P. W. Pheneger, <i>Cas.</i>
" ..	Wentworth....	Bank of Wentworth.....	J. R. T. Brown & Co.
			M. V. Allen, <i>Cas.</i>
" ..	Winfred.....	Dakota Loaning Ass'n...	.....
	\$ 50,000	E. L. Bradbury, <i>Pr.</i>	Geo. L. Wright, <i>Acting Cas.</i>
ILL....	Fisher.....	F. B. Venum.....	.....
IOWA..	Manning .....	First National Bank.....	Hanover National Bank.
	\$ 50,000	D. W. Sutherland, <i>Pr.</i>	Orson E. Dutton, <i>Cas.</i>
" ..	Osceola.....	Osceola Bank.....	Chemical National Bank.
	\$ 25,000	J. W. Richards, <i>Pr.</i>	C. H. Currier, <i>Cas.</i>
KANSAS.	Kirwin.....	First National Bank.....	National Park Bank.
	\$ 50,000	H. J. Cameron, <i>Pr.</i>	M. H. Johnson, <i>Cas.</i>
" ..	Nortonville....	Bank of Nortonville.....	Chemical National Bank.
	\$ 10,000	C. C. McCarthy, <i>Pr.</i>	John W. Harris, <i>Cas.</i>
" ..	Randall.....	Bank of Randall.....	Fourth National Bank.
		(D. D. Bramwell & Co.)	
" ..	Syracuse.....	Hamilton County Bank..	Corbin Banking Co.
		L. B. Malvin, Jr., <i>Pr.</i>	Frank Bentley, <i>Cas.</i>
KY.....	New Liberty...	Citizens' Bank.....	Hanover National Bank.
	\$ 50,000	H. D. Barker, <i>Pr.</i>	W. S. Wilson, <i>Cas.</i>
" ..	Owensboro ....	Citizens' Savings Bank..	.....
	\$ 250,000	J. F. Kimbley, <i>Pr.</i>	W. H. Moor, <i>Cas.</i>
MICH..	Imlay City....	Lapeer Co. Bank.....	Nassau Bank.
	\$ 50,000	John Borland, <i>Pr.</i>	John Borland, Jr., <i>Cas.</i>
" ..	Calumet.....	First National Bank.....	.....
	\$ 100,000	Edward Ryan, <i>Pr.</i>	W. D. Anderson, <i>Cas.</i>
MINN..	Duluth.....	Merchants' National Bank.	Chemical National Bank.
	\$ 150,000	A. W. Wright, <i>Pr.</i>	Henry A. Smith, <i>Cas.</i>
" ..	Minneapolis....	Bank of Nova Scotia.....	David Waters, <i>Mgr.</i>
" ..	Minneapolis....	Farnsw'h L'n & Realty Co.	.....
		Esra Farnsworth, Jr., <i>Pr.</i>	W. P. Andrus, <i>Sec.</i>
" ..	Minneapolis....	People's Bank.....	.....
		Emerson Cole, <i>Pr.</i>	A. D. Cotton, <i>Cas.</i>
MO.:...	Kansas City....	Home Savings Bank.....	.....
	\$ 50,000	John Reid, <i>Pr.</i>	T. F. Emerson, <i>Cas.</i>
" ..	Kansas City....	First National Bank.....	.....
	\$ 250,000	James L. Lombard, <i>Pr.</i>	Chas. H. B. Lewis, <i>Cas.</i>
" ..	Perryville.....	Furth & Wilson.....	Chase National Bank.
" ..	Thayer.....	Bank of Thayer.....	National Park Bank.
			J. J. Grafton, <i>Cas.</i>
NEB....	Broken Bow...	First National Bank.....	National Bank of the Republic.
	\$ 50,000	S. H. Burnham, <i>Pr.</i>	L. H. Jewett, <i>Cas.</i>
" ..	Hooper.....	State Bank.....	National Park Bank.
	\$ 10,000	(Heimrath & Co.)	E. J. F. Burgh, <i>Cas.</i>
" ..	Howard City..	Howard Bank.....	Chemical National Bank.
		James N. Paul, <i>Pr.</i>	Sam'l W. Jackson, <i>Cas.</i>
" ..	Media.....	Union Banking Co.....	J. O. Chase, <i>Pr.</i>
N. J....	Asbury Park...	First National Bank.....	Hanover National Bank.
	\$ 50,000	Henry C. Winsor, <i>Pr.</i>	A. C. Twining, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
OHIO...	Cincinnati.....	Fidelity National Bank....	.....
	\$ 1,000,000	Briggs Swift, <i>Pr.</i>	Ammi Baldwin, <i>Cas.</i>
" ..	Granville.....	The Home Bank.....	Ninth National Bank.
			E. M. Downer, <i>Cas.</i>
OREGON	Eugene City...	First National Bank.....	.....
	\$ 50,000	T. G. Hendricks, <i>Pr.</i>	S. B. Eakin, Jr., <i>Cas.</i>
" ..	Summerville...	Farmers' Mort'ge & Sav. B. (J. R. T. Brown & Co.)	.....
		J. H. Rinehart, <i>Pr.</i>	N. D. Harris, <i>Cas.</i>
PA.....	Watsonstown...	Farmers' National Bank..	.....
	\$ 50,000	Simpson Smith, <i>Pr.</i>	Hiram Dunkel, <i>Cas.</i>
TEXAS..	Eagle Pass.....	Eagle Pass Bank.....	Charles M. Whitney & Co.
	\$ 75,000	J. A. Bonnet, <i>Pr.</i>	E. L. Watkins, <i>Cas.</i>
VT.....	White Riv. Jun.	N <sup>o</sup> 1 B'k of White Riv. Jun.	.....
	\$ 50,000	George W. Smith, <i>Pr.</i>	John L. Bacon, <i>Cas.</i>
W. TER.	Pomeroy .....	First National Bank.....	.....
		David P. Thompson, <i>Pr.</i>	Sidney G. Crandall, <i>Cas.</i>
WIS....	Menomonie....	A. Tainter & Son.....	Mercantile National Bank.
			S. B. French, <i>Cas.</i>
CANADA	Galt.....	Imperial Bank of Canada.	John Cavers, <i>Mgr.</i>

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from February No., page 634.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3448	First National Bank..... Garden City, KAN.	Charles E. Niles, Charles E. Merriam,		\$ 50,000
3449	First National Bank..... Broken Bow, NEB.	S. H. Burnham,	L. H. Jewett,	50,000
3450	Trinidad National Bank..... Trinidad, COL.	Lonny Horne,	Thos. B. Collier,	50,000
3451	First National Bank..... Asbury Park, N. J.	H. C. Winsor,	A. C. Twining,	50,000
3452	First National Bank..... Opelika, ALA.	Frank M. Renfro,	Orrin Brown,	50,000
3453	Merchants' National Bank..... Duluth, MINN.	A. W. Wright,	Henry A. Smith,	150,000
3454	First National Bank..... Kirwin KAN.	Hugh J. Cameron,	M. H. Johnson,	50,000
3455	First National Bank..... Manning, IA.	Donald W. Sutherland, Orson E. Dutton,		50,000
3456	First National Bank..... Kansas City, MO.	James L. Lombard, Charles H. V. Lewis,		250,000
3457	First National Bank..... Calumet, MICH.	Edward Ryan, William D. Anderson,		100,000
3458	First National Bank..... Eugene City, OR.	T. G. Hendricks, S. B. Eakin, Jr.,		50,000
3459	Farmers' National Bank..... Watsonstown, PA.	Simpson Smith, Hiram Dunkel,		50,000
3460	First National Bank..... Pomeroy, WASH. TER.	David P. Thompson, Sidney G. Crandall,		50,000
3461	Fidelity National Bank..... Cincinnati, O.	Briggs Swift, Ammi Baldwin,		1,000,000

It is reported in Halifax that two of the local banks—the People's and Union—will amalgamate.—*Journal of Commerce, Montreal.*

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from February No., page 633.)

Bank and place.		Elected.	In place of
N. Y. CITY,	Mechanics' Nat'l Bank, New York City.	Horace E. Garth, <i>Pr</i> ....	Wm. H. Cox.
		Wm. Sharp, Jr., <i>Cas</i> ....	Horace E. Garth.
ALA....	Merch. & Planters' Nat. B'k, Montgomery.	T. B. Jordan, <i>Pr</i> .....	A. B. Peck.
CAL....	First National Bank, Fresno.	W. K. James, <i>Cas</i> .....	L. A. Blasingame.
" ..	Bank of Los Gatos.....	A. E. Wilder, <i>Cas</i> .....	W. W. Kirkland.
COL....	First National Bank, Trinidad.	M. D. Thatcher, <i>Pr</i> ....	D. L. Taylor.
" ..	Trinidad National Bank, Trinidad.	H. J. Alexander, <i>Cas</i> ....	George R. Swallow.
" ..	Trinidad National Bank, Trinidad.	Frank G. Bloom, <i>V. Pr</i> ..	.....
" ..	Trinidad National Bank, Trinidad.	E. D. Wright, <i>Ass't Cas</i> ..	.....
DAK....	Capital National Bank, Bismarck.	C. B. Little, <i>Pr</i> .....	E. H. Bly.
" ..	Dakota National Bank, Sioux Falls.	H. C. Wetherby, <i>Ass't Cas</i> ..	F. G. Wilkins.
" ..	Dakota National Bank, Sioux Falls.	C. Carpenter, <i>Cas</i> .....	P. P. Peck.
" ..	First National Bank, Casselton.	W. G. McKennan, <i>Ass't Cas</i> ..	C. C. Carpenter.
" ..	First National Bank, Casselton.	H. H. Watts, <i>Pr</i> .....	W. F. Holmes.
" ..	First National Bank, Casselton.	W. F. Holmes, <i>Cas</i> .....	E. H. Paine.
" ..	First National Bank, Fargo.	J. L. Gunkel, <i>Ass't Cas</i> ..	.....
" ..	First Nat'l Bank, Park River.	L. S. Lyon, <i>Cas</i> .....	C. E. Robbins.
" ..	First Nat'l Bank, Park River.	Franklin Edgerton, <i>V. P</i> ..	.....
IND ....	First Nat'l Bank, Martinsville.	C. A. McCracken, <i>Ass't Cas</i> ..	.....
IOWA...	First National Bank, Fort Dodge.	J. B. Scott, <i>Cas</i> .....	C. G. Blanden.
" ..	Oskaloosa N'l B'k, Oskaloosa.	C. G. Blanden, <i>Ass't Cas</i> ..	.....
" ..	First Nat. Bank, Storm Lake.	H. L. Spencer, <i>Pr</i> .....	W. H. Seever.
" ..	First National Bank, Webster City.	R. H. Brown, <i>Cas</i> .....	G. H. Eastman.
" ..	First National Bank, Webster City.	B. C. Mason, <i>Cas</i> .....	B. S. Mason.
" ..	First National Bank, Webster City.	P. M. Banks, <i>Ass't Cas</i> ..	B. C. Mason.
KAN....	First Nat'l Bank, Stockton.	Jay J. Smyth, <i>V. Pr</i> ....	.....
" ..	First National Bank, Wamego.	L. C. Prunty, <i>V. Pr</i> ....	.....
" ..	Woodson National Bank, Yates Center.	Albert W. Cox, <i>Ass't Cas</i> ..	.....
" ..	Woodson National Bank, Yates Center.	J. W. Turner, <i>V. Pr</i> ....	A. Todman.
" ..	Woodson National Bank, Yates Center.	J. W. Depew, <i>Ass't Cas</i> ..	E. A. Gardner.
KY....	City National Bank, Paducah.	Elbridge Palmer, <i>Pr</i> ....	S. B. Hughes.
" ..	City National Bank, Paducah.	Chas. E. Richardson, <i>Cas</i> ..	Elbridge Palmer.
ME....	Bucksport Nat. B., Bucksport.	N. P. Hill, <i>Pr</i> .....	T. C. Woodman.
" ..	First National Bank, Dexter.	C. M. Sawyer, <i>Pr</i> .....	Charles Shaw.
MICH...	Exchange Bank, Clayton.	John Johnson, <i>Pr</i> .....	H. C. Haskins.
" ..	First National Bank, St. Clair.	R. H. Jenks, <i>Cas</i> .....	C. B. Waterloo.
" ..	First National Bank, St. Clair.	C. M. McGowan, <i>Ass't Cas</i> ..	.....
MINN...	Union Nat'l Bank, Rochester.	G. D. Parmele, <i>Ass't Cas</i> ..	W. B. Morris.
" ..	Citizens' Nat'l Bank, Mankato.	John H. Ray, <i>V. Pr</i> ....	D. Buck.
MISS...	First National Bank, Jackson.	S. S. Carter, <i>Pr</i> .....	J. P. Richardson.
NEB....	First National Bank, Exeter.	A. W. Miner, <i>Pr</i> .....	C. S. Cleaveland.
" ..	First National Bank, Exeter.	C. S. Cleaveland, <i>Cas</i> ....	F. M. Shirley.
" ..	First National Bank, Wahoo.	A. Blakestod, <i>Pr</i> .....	H. Anderson.
" ..	First National Bank, Wahoo.	J. M. Chapman, <i>V. Pr</i> ..	W. Wallace.
" ..	First National Bank, Wahoo.	Louis Blakestod, <i>Ass't Cas</i> ..	.....
" ..	First National Bank, York.	F. O. Bell, <i>Pr</i> .....	R. C. Outcalt.
" ..	First National Bank, York.	W. J. Wildman, <i>Cas</i> ....	E. W. Mosher.
" ..	First National Bank, York.	H. C. Kleinschmidt, <i>Ass't Cas</i> ..	.....
N. H....	Monadnock N. B., East Jaffrey.	C. L. Rich, <i>Cas</i> .....	H. D. Upton.
N. Y....	Third National Bank, Buffalo.	W. H. Stebbins, <i>Ass't Cas</i> ..	.....
" ..	Nat. Spraker B'k, Canajoharie.	Wm. Niles, <i>Cas</i> .....	J. Frost.
" ..	Second Nat. Bank, Cooperstown.	Henry L. Hinman, <i>Ass't Cas</i> ..	.....
" ..	First Nat. Bank, New Brighton.	C. H. Ingalls, <i>V. Pr</i> ....	.....
" ..	Nyack National Bank, Nyack.	C. A. Chapman, <i>Pr</i> .....	Wm. C. Moore.*
" ..	Nyack National Bank, Nyack.	John M. Gesner, <i>Cas</i> ....	C. A. Chapman.

\* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
OHIO...	Third Nat'l Bank, Cincinnati.	Wm. A. Lemmon, <i>A'g Cas</i>	Ammi Baldwin.
" ..	Merchants' Nat. Bank, Defiance	E. P. Hooker, <i>Cas.</i>	B. L. Abell.
" ..	First National Bank, Plymouth,	Wm. Monteith, <i>Cas.</i>	W. B. Cuykendall.
PA.....	Union Nat. Bank, Mountjoy	J. V. Long, <i>Cas.</i>	J. R. Long.
TEX....	Abilene National Bank,	Theo. Heyck, <i>Pr.</i>	J. M. Daugherty.
	Abilene.	J. C. Lackland, <i>Cas.</i>	C. Evans.
" ..	First National Bank,	J. G. Lowdon, <i>Ass't Cas.</i>	J. C. Lackland.
" ..	First National Bank,	Guy M. Bryan, Jr., <i>V. Pr.</i>	.....
" ..	First National Bank,	W. R. Howell, <i>As't Cas.</i>	.....
" ..	First National Bank,	W. C. Dibrell, <i>V. Pr.</i>	.....
" ..	First National Bank,	J. D. Cumming, <i>As't Cas.</i>	.....
" ..	First National Bank, Montague	C. C. White, <i>Pr.</i>	J. H. Stephens.
VA.....	First National B'k, Harrisburg.	J. Wilton, <i>Pr.</i>	P. Bradley.

## CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from February No., page 630.)

ALA....	Opelika.....	Renfro Bros.' Bank; now First National Bank.
COL....	Trinidad.....	Bank of Southern Colorado; now Trinidad National Bank.
DAK....	Winfred.....	Bank of Winfred; closed.
GA....	Atlanta.....	John H. James; now John H. James & Co.
IOWA...	Manning.....	Farmers & Traders' Bank; now First National Bank.
KAN....	Beloit.....	Campbell Bros.; now Campbell, Best & Co.
" ..	Ellsworth.....	Farmers and Merchants' Bank; now Central Nat'l Bank.
" ..	Halstead.....	Bank of Halstead; now Halstead National Bank.
" ..	Mulvane.....	Bank of Mulvane (M. Wightman); closed.
MICH...	Imlay City.....	John Borland; succeeded by Lapeer Co. Bank.
" ..	Petoskey.....	Curtis, Wachtel & Co.; succeeded by Petoskey City Bank.
" ..	Roscommon....	C. S. Converse & Co.; now C. S. Converse.
MINN...	St. Paul.....	A. M. Peabody; now A. M. Peabody & Co.
" ..	Winona.....	National Bank of Winona; now First National Bank.
NEB....	Broken Bow....	Custer Co. Bank; now First National Bank.
" ..	York.....	First Nat'l Bank & Commercial State Bank, consolidated; continue as First National Bank.
OHIO...	Granville.....	First National Bank; succeeded by The Home Bank.
OR....	The Dalles.....	Schenck & Beall; now First National Bank.
PA.....	Evans City....	J. Dambach & Son; now J. Dambach & Co.
TEXAS..	Bryan.....	Clarke, Bryan & Howell, and J. S. Fowlkes & Co.; succeeded by First National Bank.
" ..	Houston.....	Houston Savings Bank; suspended February 26
CANADA	Oxford.....	Halifax Banking Company; closed.

SIXTEEN car loads of raw silk arrived in New York recently, by the Central and Hudson River Railroad. The lot weighs 63 tons, and is valued at \$1,500,000. Most of it comes from Japan, and was shipped at Yokohama. The silk was brought all the way from the land of the Mikado for eight cents a pound. It is the largest single shipment of the kind ever made to the United States, and is consigned to seven New York houses.

PEORIA, ILL.—We are indebted to Mr. B. F. Blossom, Cashier of the Central National Bank, for a material correction of the item in the February issue of the *BANKER'S MAGAZINE* relating to Peoria. Instead of ranking this remarkable city of forty thousand inhabitants as second in importance among the Revenue yielding centers of the country, we should have placed it ahead of all others. The fact is that there is no city or even Revenue District in the whole country whose receipts for all purposes and from all sources for Internal Revenue equal the sum collected directly in Peoria by the United States Government.

## CAPITAL, SURPLUS AND STOCK QUOTATIONS OF N. Y. CITY BANKS.

<i>Cl. No.</i>	<i>Banks.</i>	<i>Capital.</i>	<i>Surplus. Nat'l B'ks Feb. 27, '86. State Banks Feb. 27, '86.</i>	<i>Stock. Par Value.</i>	<i>Last Dividend.</i>	<i>Market Price of Stock.</i>
1	Bank of New York Nat'l Bkg. Ass'n.	2,000,000	\$ 1,321,400	\$ 100	Jan., '86.... 5	\$ 184½
2	Manhattan Company.....	2,050,000	930,500	50	Aug., '85.... 4	149
3	Merchants' National Bank.....	2,000,000	695,000	50	Jan., '86.... 3½	121½
4	Mechanics' National Bank.....	2,000,000	1,299,600	25	Jan., '86.... 4	153½
5	Bank of America.....	3,000,000	1,667,300	100	Jan., '86.... 6	168½
6	Phenix National Bank.....	1,000,000	252,600	20	Jan., '86.... 3	107
7	National City Bank.....	1,000,000	1,875,000	100	Nov., '85.... 5	265
8	Tradesmen's National Bank.....	1,000,000	230,200	40	Jan., '86.... 3	105
9	Fulton National Bank.....	600,000	250,600	30	Nov., '85.... 3½	125
10	Chemical National Bank.....	300,000	4,500,600	100	Jan., '86.... 25	2,75
11	Merchants' Exchange Nat'l Bank...	600,000	65,300	50	Jan., '86.... 3	101
12	Gallatin National Bank.....	1,000,000	1,020,800	50	Oct., '85.... 5	190
13	Nat'l Butchers & Drovers' Bank....	300,000	276,700	25	Jan., '86.... 4	150½
14	Mechanics & Traders' Bank.....	200,000	68,300	25	Jan., '86.... 4	111
15	Greenwich Bank.....	200,000	43,000	25	Nov., '85.... 3	102½
16	Leather Manufacturers' Nat'l Bank...	600,000	471,300	100	Jan., '86.... 5	190½
17	Seventh Ward National Bank.....	300,000	88,500	100	Jan., '86.... 3	103½
18	Bank of the State of New York.....	800,000	336,300	100	Nov., '85.... 4	130
19	American Exchange Nat'l Bank.....	5,000,000	1,382,100	100	Nov., '85.... 3½	135
20	National Bank of Commerce.....	5,000,000	3,063,200	100	Jan., '86.... 4	170
21	National Broadway Bank.....	1,000,000	1,504,500	25	Jan., '85.... 10	278
22	Mercantile National Bank.....	1,000,000	354,500	100	Jan., '86.... 3	122
23	Pacific Bank.....	422,700	236,500	50	Nov., '85.... 2½	120
24	National Bank of the Republic.....	1,500,000	632,500	100	Aug., '85.... 3	122
25	Chatham National Bank.....	450,000	394,200	25	Jan., '86.... 5	165
26	People's Bank.....	200,000	144,600	25	Jan., '86.... 5	155
27	Bank of North America.....	700,000	280,700	70	Jan., '86.... 3	105
28	Hanover National Bank.....	1,000,000	609,900	100	Jan., '86.... 3½	140
29	Irving National Bank.....	600,000	194,400	50	Jan., '86.... 4	130
30	National Citizens' Bank.....	600,000	303,700	25	Jan., '86.... 3½	118
31	Nassau Bank.....	500,000	95,700	50	Nov., '85.... 4	131½
32	Market National Bank.....	500,000	419,100	100	Jan., '86.... 4	150
33	St. Nicholas Bank of New York.....	500,000	224,000	100	Jan., '86.... 4	120
34	National Shoe & Leather Bank.....	500,000	232,100	100	Jan., '85.... 4	135
35	Corn Exchange Bank.....	1,000,000	1,046,500	100	Aug., '85.... 5	185
36	Continental National Bank.....	1,000,000	233,300	100	Jan., '86.... 3½	114
37	Oriental Bank.....	300,000	301,400	25	Jan., '86.... 5	160
38	Importers & Traders' Nat'l Bank....	1,500,000	2,798,800	100	Jan., '86.... 7	270
39	National Park Bank.....	2,000,000	1,292,800	100	Jan., '86.... 4	160
40	North River Bank.....	240,000	66,500	30	Jan., '86.... 4	115
41	East River National Bank.....	250,000	137,400	25	Jan., '86.... 4	118½
42	Fourth National Bank.....	3,200,000	1,238,700	100	Jan., '86.... 4	127
43	Central National Bank.....	2,000,000	445,200	100	Jan., '86.... 3	117½
44	Second National Bank.....	300,000	46,700	100	Jan., '84.... 10	135
45	Ninth National Bank.....	750,000	241,700	100	Jan., '86.... 3½	118
46	First National Bank.....	500,000	4,322,800	100	Jan., '86.... 10	540
47	Third National Bank.....	1,000,000	269,200	100	Jan., '86.... 3	100½
48	New York National Exchange Bank.	300,000	106,600	100	Aug., '85.... 3	110
49	Bowery National Bank.....	250,000	261,100	100	Jan., '86.... 5	174
50	New York County National Bank...	200,000	55,200	100	Jan., '86.... 4	161
51	German-American Bank.....	750,000	185,800	75	Aug., '85.... 3	108
52	Chase National Bank.....	300,000	183,400	100	Jan., '86.... 4	150
53	Fifth Avenue Bank.....	100,000	508,900	100	.....	625
54	German Exchange Bank.....	200,000	247,200	100	.....	105
55	Germania Bank.....	200,000	258,000	100	May, '85.... 4	191
56	United States National Bank.....	500,000	595,900	100	Nov., '85....	202
57	Lincoln National Bank.....	300,000	71,300	100	.....	190
58	Garfield National Bank.....	200,000	88,100	100	.....	125
59	Fifth National Bank.....	150,000	93,800	100	.....	125
60	Bank of the Metropolis.....	300,000	261,200	100	Jan., '86.... 3½	148
61	West Side Bank.....	200,000	103,800	100	Jan., '86.... 5	.....
62	Seaboard National Bank.....	500,000	121,900	100	Jan., '86....	.....
63	Sixth National Bank.....	200,000	51,500	100	.....	160
64	*Murray Hill Bank.....	100,000	174,200	50	Jan., '86.... 4	200½
65	*Mount Morris Bank.....	100,000	62,700	50	Jan., '86.... 3	132½
66	*Eleventh Ward Bank.....	100,000	70,500	25	Jan., '86.... 4	112½
67	*Madison Square Bank.....	200,000	18,000	100	Jan., '86.... 3	95
68	*Produce Exchange Bank.....	1,000,000	82,600	100	New.....	115
69	*Home Bank.....	125,000	18,000	100	New.....	.....
70	*Columbia Bank.....	200,000	10,900	100	New.....	100
71	*Nineteenth Ward Bank.....	100,000	2,800	100	New.....	95½
72	*Commercial National Bank.....	300,000	10,000	100	New.....	.....

\* Not members of Clearing-house Association.

† Dividend added to surplus.

# FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, FEBRUARY, 1886.

Opening, Highest, Lowest and Closing Prices  
of Stocks and Bonds in February.

GOVERNMENTS.				RAILROAD STOCKS.				MISCELLANEOUS.			
Interest Periods.	Open- ing.	High- est.	Low- est.	Open- ing.	High- est.	Low- est.	Clos- ing.	Open- ing.	High- est.	Low- est.	Clos- ing.
4½s, 1867, reg.	111½	112½	111½	Denver and Rio Grande,.....	17½	17½	3½	Oregon & Trans-Continental,.....	31¾	30¾	31¾
4½s, 1897,.....coup.	111½	112½	111½	East Tenn., Va. & Ga.,.....	4	4½	6½	Ohio Central,.....	1¾	2	1½
4½s, 1897,.....reg.	111½	112½	111½	Do, pref.,.....	8	8½	6½	Pacific Mail,.....	58½	49	52½
4½s, 1897,.....reg.	111½	112½	111½	Erie,.....	52½	63½	25½	Philadelphia & Reading,.....	27	19	25½
4½s, 1897,.....reg.	111½	112½	111½	Do, pref.,.....	52½	63½	25½	Pullman Palace Car Co.,.....	137	133	133
4½s, 1897,.....reg.	111½	112½	111½	Houston & Texas,.....	140½	143½	29½	Peoria, Decatur & Evansville,.....	21	22½	20½
4½s, 1897,.....reg.	111½	112½	111½	Illinois Central,.....	140½	143½	29½	Richmond & Danville,.....	7½	7½	7½
4½s, 1897,.....reg.	111½	112½	111½	Indiana, Bloom'g & Western,.....	26½	28½	25½	Richmond & Alleghany,.....	—	—	—
4½s, 1897,.....reg.	111½	112½	111½	Louisville, N. Alb. & Chic.,.....	42½	42½	39½	Richmond & West Point,.....	37	5	3½
4½s, 1897,.....reg.	111½	112½	111½	Louisville, N. Alb. & Chic.,.....	41	41	36	Rochester & Pittsburgh,.....	45½	46	40
4½s, 1897,.....reg.	111½	112½	111½	Lake Erie & Western,.....	86½	90½	85½	St. Louis, Alton and T. H.,.....	95	95	95
4½s, 1897,.....reg.	111½	112½	111½	Long Island,.....	14	16	2	Do, pref.,.....	22½	23½	21½
4½s, 1897,.....reg.	111½	112½	111½	Michigan Central,.....	84	92	84	St. Louis & San Fran.,.....	45½	46½	45
4½s, 1897,.....reg.	111½	112½	111½	Mil. L. Sh. & West.,.....	73	76½	73	Do, pref.,.....	103½	105	104
4½s, 1897,.....reg.	111½	112½	111½	Morris & Essex,.....	52½	63	52½	St. Paul, Minneap. & Man.,.....	115½	118½	114
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	111½	113½	109½	Texas & Pacific,.....	13½	13½	12½
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	111½	113½	109½	Union Pacific,.....	52½	54½	48
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	30½	32½	28½	Western Union Telegraph,.....	72½	75	70½
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	Wabash Pacific,.....	10½	11	9½
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	MISCELLANEOUS—	—	20½	19
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	Express—Adams,.....	—	—	—
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	American,.....	—	105½	103½
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	United States,.....	—	65	63½
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	Wells-Fargo,.....	—	124½	124
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	Ches. & Ohio, series B.,.....	—	84	81½
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	Denver & Rio Grande ist.,.....	115½	118	119½
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	Lehigh & W. B. con. ass.,.....	—	114	112
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	Metropolitan Elevated ist.,.....	—	118	115
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	Mo., K. & T. con. ass.,.....	—	115	112
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	Mo., K. & Texas ad.,.....	—	115½	114½
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	N. Y. Chi. & St. L. ist.,.....	97½	97	96
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	N. Y. Elevated ist.,.....	—	125	125
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	N. Y. E. & W. ad con.,.....	92	105	101½
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	N. Y. W. Shore guar. 4 s.,.....	103½	103½	103½
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	Union Pacific 7s. L'd G.,.....	106½	106½	106½
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	Union Pacific ist.,.....	115½	115½	117½
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	Union Pacific S. F. d.,.....	—	123½	122½
4½s, 1897,.....reg.	111½	112½	111½	Missouri Pacific,.....	127	127½	124½	—	—	—	—



## NOTES ON THE MONEY MARKET.

## A FINANCIAL AND COMMERCIAL REVIEW.

The hope indulged in last month's review of an improvement in this month's commercial situation has been, in some part, realized. This change for the better has been based upon sound, healthy and legitimate business, or, in other words, upon an increasing demand for consumption, both home and export. In our last we dwelt at length upon the loss of our export trade, its causes and remedies. It is gratifying that one of those causes has been removed, or, rather, a remedy applied, and that, with the close of February, an important increase in our exports of grain has developed, which bids fair to continue to another crop, and to extend to most food and feed supplies, including corn, wheat, flour and provisions. This happy change, which greatly relieves the darkness of this dark spot on our business horizon, has been brought about by a cessation of the speculative bear raids upon American produce, which have driven Europe out of our markets, and would have kept her out, until finally compelled to buy here, for actual wants, because, whenever she has bought anything of us in the past two years, American speculators have immediately broken the market from under her buyers. After such a prolonged loss on all they have bought of us, it was not to be expected that they would buy anything unless compelled to, until we should show confidence ourselves in the future value of our products. During the month of February we did this, first in corn and then in wheat, which we held steadily on a gradually advancing market, until the other side became convinced that the United States had done with throwing its products away. So soon as the importers of Europe were satisfied, therefore, that grain had seen the bottom and would go no lower, they began to buy. The increased export demand for corn set in early in February, and although it had been quite liberal, considering the demand in other staples, it nearly doubled during the month, and held well to the close, notwithstanding very large shipments had gone forward. It was not until the last of the month, however, that wheat began to move out freely, although early in February, Europe had ceased selling short here against purchases in other countries, and quietly began covering former short sales. Until this was done, of course it would not buy cash wheat and put up the market upon itself. But so soon as some of the larger shippers had closed up their short contracts here, the pressure was removed from the European markets, and they advanced near parity with our own. This was followed by a few orders at first for small amounts, when a lively competition among shippers themselves sprang up, and on more general buying the wheat market found itself upon a more solid and broad export basis than for any time on this crop. From now till the next harvest, therefore, we may look for a steady and heavy export demand for corn, and enough for wheat and flour to take all we will have to spare from last year's short crop, unless the speculators now turn around and drive away this trade by putting up

prices as foolishly upon exporters as they have been putting them down for two years. What has thus been seen in grain, is now beginning to be seen in flour, and is slowly communicating to provisions, which are likely to move into export more freely also during March. Another month is therefore likely to see our export staples moving out of the country more freely, unless it may be cotton, which does not seem to have the prospective demand which already exists for our food and feed supplies. In other words, the world's consumption of cotton does not yet seem to have overtaken the over-production of the past two years, as it has in food and feed; and speculation is too dead in cotton to hold or lift it, unless it should be communicated to it from the other produce markets later on. The cotton manufacturers of this country, it is true, are using more than a year ago, but Europeans are using less, while our spinners laid in last Fall, and still hold in second hands, larger supplies than a year ago. Stocks in this country are much larger, exports on this crop much smaller, while the crop itself was larger than a year ago, and European trade in cotton goods as much worse, as our own is better. But our other agricultural staples are on a sound basis of home or export demand, and are all right henceforth, if speculators will leave well-enough alone.

The turn for better times has now come in these markets, as it came in Wall Street last July, when stocks and bonds were taken by the public because they were satisfied that with an end of the railroad war, bear raids in stocks would cease, and that cheapness would thereafter assert its power, when the basis of values had again been restored. This is what is occurring in produce, and the public will soon buy these staples as they did stocks, because they have confidence in the permanent restoration of values of articles that everybody has known were cheap for a year past, but for which there was no demand. When this comes, will come the danger to those markets that overtook stocks last Fall, when speculation followed investment demand and forced prices up faster and farther than the improvement in the business situation and the consequent increased earning power of the railroads warranted. Then professional speculators and combinations came into Wall Street to force prices up on the anticipation of another speculative boom like that of 1879 to 1881, when the public withdrew from Wall Street and left the cliques and bull operators loaded with stocks at high prices. This was probably true of all but the Vanderbilt, Drexel Morgan, Pennsylvania, West Shore pool, which loaded up at the bottom last July, and of the St. Paul and Lackawanna pools. With Vanderbilt's death the public became alarmed for the safety of the trunk-line peace basis, on which they had bought, and they sold out, leaving these pools to take their stock to save a panic in the market. Hence the latter were also loaded up with high-priced as well as low-priced stocks, which are held by cheap money and common interest, at higher prices than the earnings of the roads warrant, on a dividend basis. These stocks are on a fictitious basis, which the February boom only rendered more dangerous, as it was without any foundation in fact, but started on a huge stock-jobbing basis, by these overloaded pools, in order to enable them to get out of their enormous holdings. That object was the basis of the would-have-been Reading re-organization syndicate, which seemed to fall through of its own weight before it had even been fully promulgated, or they had time to unload their stocks. The public did

not come in, and the hostility of all parties interested in the Reading, as well as of the press, promises as lamentable a failure of this scheme as the opposite conditions made a success of the West Shore re-organization, which the Reading "Grand Plan" was to eclipse. That it is dead, or rather that it was still-born, is now believed. This was rendered possible by President Gowen's *comp d'état*, which he was enabled to accomplish by the consent, if not by the active assistance, of the Two Vanderbilts, whose support to the "Grand Plan" had been claimed by the syndicate. The significance of their action was more than at first appeared. It not only deprived the syndicate of their moral support, but it revealed less happy-family relations between the two great partners to the trunk-line peace than the public supposed to exist. It showed that the two men who control the Vanderbilt roads were willing to put the power into the hands of the Pennsylvania's roads worst and most uncompromising enemy, by which to checkmate its effort through this re-organization syndicate to get control of the Reading. By doing this, the Two Vanderbilts effectually prevented this acquisition of the Reading, and the control of the coal trade, by the Pennsylvania road, and at the same time as effectually defeated the latter in its attempts to keep the Baltimore and Ohio road out of New York. Nor is this all, nor the most of this apparent understanding between the Vanderbilts and Gowen. It is stated on good authority that they have also turned over their interest in the South Pennsylvania road and the Beach Creek to Gowen, for the purpose of completing the former and making Western connections, by which it will become a trunk line to Chicago, and a competitor for the Pennsylvania's trunk line tonnage, to offset the latter's new parallel road up the Schuylkill Valley, as a competitor for the Reading's coal traffic. As this grand transformation scene, instead of the syndicate's "Grand Plan," burst like a boom on the Stock Exchange, everybody stood paralyzed for a moment, and then, asking what does this all mean, they began to sell stocks which they had bought in anticipation of the "Grand Plan," and they have been selling them ever since. This was Wall Street's practical and pointed answer to the question. If true, it means this: that the Two Vanderbilts have enabled Mr. Gowen to carry out their father's scheme of a rival trunk line into Philadelphia, by which the Pennsylvania's hold on the traffic to that city will be lessened, and terms will be more easily made on the trunk line traffic to New York, in making which it has often dictated to the New York roads on such questions as differential rates and terminal charges. It certainly was not to get their money out of these non-dividend and doubtful securities that the Vanderbilts sold to Gowen. For had it been for their interest or that of their roads to hold them, they could better afford to lose them altogether. Apparently their turning them over to Gowen means mischief for the Pennsylvania, an entrance into New York for the Baltimore and Ohio, bridge or no bridge, and an alliance, offensive and defensive, between the Vanderbilt roads and the Reading, with possibly the Baltimore & Ohio included. No wonder then that Wall Street sold stocks on the announcement of this transfer of The Vanderbilts' Reading to Gowen. The New York Central is in possession of its object, in the trunk line settlement, for which it acted with the Pennsylvania road. The courts of that State have forbidden the transfer of the South Pennsylvania to the Pennsyl-

vania road, which was the object of the latter in that settlement. There is now nothing in common between these original partners to that settlement, that does not exist between any of the trunk lines.

The reason of Vanderbilt's surrender of the South Pennsylvania Road was simply to comply with the Pennsylvania's conditions upon which only it would allow him to secure the West Shore. Having accomplished that object, the Vanderbilt interests would now, no doubt be better subserved by having the South Pennsylvania built as it was projected. In this light, this nine days' wonder in Wall Street appears perfectly plain, and while keeping Reading at the head of the coal trade, it will also enable the New York Central to regain its old supremacy over the trunk lines, by destroying the scheme which would have made the Pennsylvania the dictator of the railroad interests of the country, through its predominating power, both in trunk lines and coal roads.

This situation, together with the rupture in the Transcontinental and Western pools, sufficiently explains the position of a stock market which was boomed for six months on this gigantic trunk-line settlement, that seems now to be unsettled, and again rushed up still higher the past month, on a proposed reorganization and combination in the coal trade that stumbled before it was promulgated, and can scarcely be resuscitated. In a word, stocks are as much too high as produce is too low; notwithstanding, the earnings of the corn roads and of trunk lines will make a good showing for February, on account of the heavy shipments of corn to New York, to secure the high price on the corner in that month.

The improvement in export trade came none too soon therefore to avoid another gold scare, as shipments of that metal had begun during the last half of February on a larger and more legitimate scale than before, with a prospect of continuance. With double the corn bills, and 100 per cent. increase in wheat bills, together with an increase in flour and provision bills, less apprehension need be felt, unless demand should largely increase. Money remains easy as ever, and has for a month, with the few trifling exceptions at  $1\frac{1}{2} @ 2$  per cent. The bank reserves have decreased, however, as the speculation and advance in stocks has required more money for that purpose. Railroad bonds have followed stocks though much less active than for months before. This distrust of railway securities by investors is shown by the steady advance of Governments 4 per cents. to 127, which yields only about  $2\frac{1}{2}$  per cent. interest, and is the highest point ever reached by our bonds, and higher than those of any other nation.

The iron interests have not improved, though production has kept up, at the expense of prices in steel rails especially. The coal trade is not what has been claimed, to help the stock-jobbing Reading syndicate bull the coal shares. Both anthracite and bituminous are selling at the lowest prices on record, except in the panic following the breaking up of the combination in 1876. The textile manufacturers are running generally on full time, both for cotton and woolen goods, and the fact that they have advanced wages quite generally would indicate that their production is selling at remunerative prices. Iron wages have been advanced in some, and compromised in most cases, while bituminous coal miners' wages have been reduced, owing to the substitution of natural gas for bituminous coal, west of the Alleghenies.

The reports of the New York Clearing-house returns compare as follows:

1886.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>	<i>Surplus.</i>
Feb. 6..	\$ 339,392,600	\$ 99,147,200	\$ 33,507,600	\$ 390,564,900	\$ 8,844,300	\$ 35,013,575
" 13..	344,628,400	98,105,600	35,382,600	396,080,800	8,643,900	34,468,000
" 20..	348,163,800	97,006,700	33,467,700	395,094,100	8,485,700	31,700,875
" 27..	349,677,000	92,343,600	31,157,200	390,252,100	8,666,100	25,937,775

The Boston bank statement is as follows:

1886.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>
Jan. 30...	\$ 154,056,200	\$ 11,264,400	\$ 3,790,700	\$ 113,536,200	\$ 20,609,300
Feb. 6.....	154,494,600	11,284,000	3,601,500	115,961,700	20,231,000
" 13.....	154,740,400	11,287,100	3,380,100	115,793,400	19,643,200
" 20.....	151,474,300	11,068,500	2,887,000	115,728,000	19,562,200

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1886.	<i>Loans.</i>	<i>Reserves</i>	<i>Deposits.</i>	<i>Circulation.</i>
Jan. 30.....	\$ 83,114,000	\$ 27,101,100	\$ 84,470,800	\$ 7,313,500
Feb. 6.....	83,503,700	27,478,100	84,382,300	7,223,500
" 13.....	83,085,700	27,904,100	84,762,000	7,084,500
" 20.....	83,377,400	27,535,600	85,248,100	6,975,000
" 27.....	83,654,500	27,038,100	84,984,700	6,951,500

## DEATHS.

CLUCK.—On January 23, aged sixty-one years, ALVAH CLUCK, Vice-President of the Cataract Bank, Niagara Falls, N. Y.

FOSTER.—On February 7, aged forty-eight years, WILLIAM S. FOSTER, Vice-President of National Bank, Derby Line, Vermont.

MOORE.—On February 13, aged sixty-eight years, WILLIAM C. MOORE, President of Nyack National Bank, Nyack, N. Y.

NICHOLS.—On January 25, aged fifty-nine years, PHILLIP NICHOLS, senior member of the firm of W. & P. Nichols, Dutch Flat, California.

ROBOTHAM.—On February 4, WM. ROBOTHAM, Cashier of the North World Bank, Newark, N. J.

STEARNS.—On February 4, aged sixty-nine years, THOS. C. STEARNS, of the firm of Dillaway & Stearns, Boston, Mass.

THE  
BANKER'S MAGAZINE  
AND  
Statistical Register.

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VOLUME XL.

APRIL, 1886.

No. 10.

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CONGRESSIONAL LEGISLATION.

Congress is incubating very slowly. A good many eggs have been put under the hen, but she is still sitting and shows no signs of getting uneasy. The House has voted, among other things, to discuss the silver bill for three weeks or more, well knowing that no chicken will be hatched from that egg. There are also other eggs, the fate of which is clearly well known in advance. Has Congress nothing else to do except to waste time on these things, or is this an educating process which it is desirable to stimulate and encourage? Doubtless Congressmen and the people learn a good deal during one of these discussions. One of the things learned by the people is, if they did not know it before, that many of their Congressmen do not know much, and while this is a kind of negative knowledge, it is worth something in the way of finding out whether such representatives should be sent back. The Senate has been engaged in several debates during the winter, the principal object of which was, to improve party position. This may seem elevated work to the ordinary statesman; to an outsider it has a different look. If there be really any business for Congress to do, we cannot help thinking that it ought to be done. If there be no business, why not adjourn and go home? If Congressmen desire to become better educated and enlightened on public questions, we feel very sure that they can become so more quickly, and certainly with less expense to the public, at home and in the public schools or houses of correction, than in the capitol at Washington. Hence we conclude it is hardly worth while to have them discuss such matters for an educational purpose. They are certainly not justified

in giving these questions an airing on business grounds. There are many matters before Congress which should be thoroughly discussed and settled. Important bills have been pending for years of one kind or another which ought to be matured and put in the form of laws. It looks now very much as though Congress would do but little more than pass the appropriation bills. Doubtless more time will be frittered away in various measures looking toward the good of parties, and in the end the appropriation bills will be put through under the pressure of hot weather without any or only the briefest consideration. This should not be so; they should have the first place, and if this were given to them, the public would become more familiar with National expenditures and as a consequence they would be more wisely made. So far as banking legislation is concerned several measures are now pending. First, may be mentioned the bills introduced by Messrs. Hutton, Sawyer, and Price for the protection of depositors in National banks providing for a "guarantee deposit fund" to be held by the United States Treasurer. Mr. Hutton wants the banks, in lieu of all existing taxes, to pay for this purpose, semi-annually, a duty of one half mill on the dollar of average monthly deposits. Mr. Sawyer wants a duty of one-tenth of one per centum of average deposits paid semi-annually for this purpose; and Mr. Price wants such a fund of twenty millions set aside and collected from the banks on account of the semi-annual duty on notes. Mr. La Follette has a bill requiring bank officials to pay deposits upon demand at any time, in the absence of specific agreement to the contrary, and declaring them guilty of obtaining money under false pretences in the event of their failure to comply with such demand within twenty-four hours. The bill is only to apply to insolvent banks. A bill by Mr. McComas makes it unlawful for executive officers of banks of \$200,000 or more capital stock to engage in stock, bond, grain or other speculation, individually or personally, or have any interest in a private banking or brokerage firm. A penalty of one to five years' imprisonment and a fine not exceeding \$10,000 is prescribed. Mr. Brumm has a bill limiting capital stock to five million dollars. Mr. Bland proposes to amend the provisions governing elections of directors, so that each shareholder may cast as many votes as he holds shares, multiplied by the number of directors to be elected, and may cast the whole number of votes for one candidate, or distribute them, and that directors shall be elected in no other way. A bill by Mr. Little provides that three-fourths of required lawful money reserves shall be kept in coin, of which at least two-fifths shall be in silver. Whether anything comes of these bills is doubtful. It is possible that some of them may be matured, but at present writing there is every indication that the session will be spent in speech-making, with hardly anything more to show for it than the appropriation bills.

## LABOR TROUBLES.

For several weeks the most prominent social phenomena have been the numerous outbreaks between employers and employed. All over the country this extraordinary state of things exists. It chiefly centers in the manufacturing establishments, although some of the railroad companies are having a serious time in maintaining satisfactory relations with their men. Never before in the history of employing labor in this country has anything of the kind occurred. Strikes, of course, have not been infrequent, but they have not had much connection with each other. The strikes now raging are like a huge wave rolling over the land and causing many to wonder why it happened and when it will cease.

Before the invention of machinery and the division of labor, strikes were unknown. There were no strikes in the days of Abraham. They are modern occurrences, clearly traceable to the division of labor. In the olden time, when everybody supplied his wants by direct effort, there was no occasion for strikes, for no one would strike against himself. We clearly see, therefore, the origin of these untoward events. If our great factories be good things, whereby products are cheapened and greater wealth is accumulated, they also cause increased social friction, leading finally to serious labor explosions, such as we now everywhere behold.

No one would think of returning to the primitive state of supplying his own wants by his own efforts. To do this would be a terrible waste of skill and energy. The machine is one of the greatest friends of man. It is true that the workingman bitterly inveighs against every new invention. He regards it as an enemy to his prosperity, as taking the bread out of his mouth and the mouths of his family. Nevertheless, as it has been again and again shown, while it is the temporary effect of labor-saving machinery, yet by cheapening products a wider use is made of them, and in the end labor is needed to supply the enlarged demand. We have, therefore, as a consequence of using machinery, temporary suffering, followed by accrued and greater benefits and blessings in the way of more products of one kind and another, and procurable at less cost than we had before. Thus, the suffering in the beginning is more than compensated by greater blessings in the end. Machinery, therefore, is not the enemy of labor, but the true friend of all.

Notwithstanding the general prevalence of strikes, the more observing cannot fail to notice that there is a wide difference in their



character. Some strikes are of short duration, and adjustments are easily made. In many cases, however, of employing labor—in fact, in the great majority of them—no strikes at all occur. Now, the question is well worth asking, since there are so many strikes in any given employment, say in cotton or woolen manufacturing, why do not all strike who are in the same employment? Are the hands treated differently in one concern than in another? Are they paid better wages? Are they under a severe restraint which forbids striking? These questions are certainly worth answering, and a complete answer would bring a great deal of valuable truth to light.

The most obvious thought is that there is probably quite as much difference among employers as employed. There is a great deal of difference of what we call tact among men, in judgment, good sense, kindness, and regard for the employed. The condition of employers financially often causes a marked difference in their treatment of their men. Some mill-owners are heavily in debt, and they feel its pressure, and the necessity of making every possible cent in order to meet their obligations. One cannot help contrasting, for example, the prevalence of strikes in Fall River with their absence in Lowell. Both are enormous cotton manufacturing centers, employing millions of capital and a vast body of laboring men. Why do the workingmen of Lowell strike so rarely, and those of Fall River so frequently? Does the difference in the goods manufactured account for the different conduct of the workmen in the two places? This, surely, is not a full explanation. Does it consist in the fact that the managers at Lowell are more experienced men, have more tact, and have a much larger capital at their command than their Fall River competitors? The mills in the latter city, to a very considerable extent, have been erected on borrowed capital; hence, there is an enormous interest account to pay. In Lowell, on the other hand, the corporations are rich, their credit is good, and no financial difficulties trouble them. Hence, they can deal with their men more generously than the Fall River managers can. And the same remark applies in varying degree to employers and employed elsewhere. Again, many an employer, having abundant capital and great skill in manufacturing, so far as the mechanical part of the work is concerned, utterly fails to conduct himself in such a way as to keep on good terms with his men. Some employers are, as we see, continually in hot water. They are too exacting, pay too low wages, run too many hours—in short, try to get too much out of their men. They, on the other hand, resenting the endeavor, seek to get square with him by striking, or keeping his mill in an uncomfortable condition. Many an employer who had no trouble a few years ago, yet who was arbitrary in his ways, would, if in business to-day, be a most uncomfortable

and, on the whole, unsuccessful employer. Times have changed. The managers having that peculiar ability needful to deal with men successfully are rare indeed, and are sorely needed. If we do not have them they must be taught in the rough school of experience. We wish there was a shorter way, but we fear there is not. In the meantime, these strikes are likely to go on, and while we do not believe they will last for ever, yet, if anything is certain, it is that in this free country of ours the laboring man is determined to get a fair reward, and will not cease to complain and strike until it is assured.

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### SINKING FUND LAW.

Senator Beck has introduced a bill in the Senate providing for the reduction of only twenty millions of the debt annually. The amount required by the existing law is, in round figures, pretty nearly fifty million dollars, the amount falling somewhat from year to year. There are certainly very grave objections to this new bill. When the former one was passed in 1862 it was a formal notice to all persons who should loan to the government, of its future intention, and constitutes a contract as binding as any can be made between it and the persons who have loaned to the government since that date. If this new bill should become a law and all the holders of National obligations should assent to it, then, of course, no objection could be made to it on the ground of illegality. But suppose the financial condition of the government should change? Suppose we should pass the various pension bills now pending and contract a billion and a half of new debt, and adopt a more wasteful system of public expenditure, and suppose we should get a little careless about paying our interest and in other ways easily imagined injure the public credit, what then would the creditor say concerning such a funding bill? He would doubtless be very anxious to get his money back at the earliest possible date, and the cutting down of the sinking fund from fifty to twenty millions of course means a postponement of the payment of the debt to a much longer period. This thing will not do. The contract with the bondholders is of the most imperious nature, and the government for a moment cannot afford to trifle with it. This bill should never be mentioned again. The payment of fifty millions of the debt annually is the smallest sum that will satisfy the people; no less sum will satisfy the law. No one should think of managing the finances in such a way as to diminish this annual payment. The sooner the pecuniary burdens of the war are discharged the better for all. The debt is a constant reminder of what has been, and we cannot too speedily efface it from public attention.

## NEW YORK SAVINGS BANK REPORT.

The annual report of Mr. Paine, Superintendent of the banks of New York, is an interesting and valuable document. It is a good history of the operations of the banks during the year, and contains many sound reflections. The Savings banks in the State have done well. No such bad failures have been recorded during the present period of depression as characterized the period from 1873 to 1879. The failures which happened then, distressing and heavy as they were, taught valuable lessons which are not likely to be soon forgotten. Mr. Paine shows a watchful regard for the depositors of these institutions, and elsewhere we have made some extracts from this document. It is always a pleasure to look over these reports, and we wish they were more widely read, for they ought to be. Our Government and State documents, while having a forbidding appearance, are full of information and valuable lessons, and we trust the time is coming when the people will get in the way of perusing them, especially those most directly interested, and thus find out how the public business is conducted.

One of the interesting matters considered in this report is the establishing of postal Savings banks by the Government. Mr. Paine is opposed to them. In Great Britain they have flourished, and the general opinion there is in favor of continuing this function by the Government. We think Mr. Paine is right in his objections to them. The Government has about all the business on hand that it can execute with success. We cannot help thinking that a system of postal Savings banks would be fraught with a great deal of hazard. But while this objection applies to National postal Savings banks, why could not the States take the business in hand? Of course, the prime idea of a postal Savings bank is to increase the security of the depositors. The State gets a sum from the Savings banks in the way of a tax on the deposits. This is so, we believe, in all States. Since it does, why would it not be proper for the State to guarantee the security of the deposits. Perhaps it might be a good thing to increase the tax somewhat; and we are sure if the State should do this two things would be accomplished. First, the State would derive a much larger revenue from the increase of deposits, and the depositors, on the other hand, would have a better security than that they now possess. Thus a benefit would accrue all around. Now, it might be asked if the deposits should increase as a consequence of this system, would not this be done in the way of depleting other sources of revenue from which the State derives a larger tax? We think not. In the first place, deposits

consist of personal property, not anything tangible, on which the tax gatherer can lay his hand. We know that personal property, generally, is of a very fleeting, transitory nature, so far as taxation is concerned. There is an enormous amount of personal property in New York, and yet the amount thereof taxed there is very small. All the property, therefore, that gets into the Savings banks may be regarded as a clear addition to the taxable revenue of the State. If it did not get into these institutions it would be invested in bonds and stocks and other kinds of property on which hardly any tax would be paid. Keeping this fact in mind, that Savings banks deposits constitute an additional taxable fund, we should welcome every addition, and if the securing of deposits had the effect of enlarging the amount, the State would be a gainer by the operation. Of course, if the losses that occurred from time to time exceeded the taxes, then the State would not gain; but a very small tax, as our past history shows, would be sufficient to cover all the losses arising from Savings bank management, and leave a handsome revenue for the State. Is not this suggestion worth further consideration? Let our readers think it over and tell us what should be done.

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### PENNSYLVANIA RAILROAD REPORT.

The annual report of the Pennsylvania Railroad Company has been recently published, and deserves at least a brief notice in our pages. According to Poor, the aggregate earnings of all the railroads in the country, in 1884, were \$770,684,908, of which sum more than one-eighth was earned by the Pennsylvania, or \$97,849,875. The net earnings of this company, in 1885, were \$31,303,648, an enormous figure truly, and worthy of careful analysis. Of course, like other railroad companies, there has been a very considerable reduction in gross and net earnings, resulting in smaller dividends to the stockholders. This was to be expected in a time like the present. Indeed, the earning of the former rate would not have been altogether wise, nor have indicated, perhaps, the soundest management, for it must be remembered that a transportation company is one of the factors or links in production. It takes products from one place to another, thereby enhancing their value, and is in a real sense, therefore, a partner in their production. In a period of depression, when the producer is obliged to sell for lower prices, it is fair for the transporter to reduce his charges for carrying, otherwise the profits of the producer will be less, perhaps entirely swept away, or even a loss will be incurred. To take all his profits away, or still worse, to land him on the wrong side of the account in producing, would be an injurious thing for a company, and, in the end, would tell

heavily on its prosperity. There was, therefore, no other wise course for either the Pennsylvania or any other railroad company, except to reduce charges with the times, and bear proportionately the smaller return arising from the smaller value of the product thus jointly produced. This, of course, meant smaller earnings for all concerned.

There has, doubtless, been a good deal of business transacted at too small profit, and even a loss, on which a profit ought to have been made. Part of the diminished earnings arises from this cause, and so far as they do, this fact is to be regretted. Probably it was unavoidable, so far as the Pennsylvania Railroad is concerned. It was obliged to meet its rivals, and doubtless the best policy has been pursued that could be, all things considered. One of the more noteworthy instances of this nature has been the transportation of live stock from the West to the East. It would seem that the various persons and companies interested in this business have had a way of going to one railroad company and demanding better terms, and it, thus tempted to get hold of an enormous business, has made them, and then a wing or branch of the party, with the consent and knowledge of the rest, would go to another railroad and obtain better terms. This would lead to a diversion of the business, and then a third road, in order to get the business or to pay off some rival, would make even more favorable terms, and thus this see-saw arrangement has been continued, until an enormous business, which was abundantly able to pay a heavy toll, has been conducted in many cases at a loss to the transportation companies. Who shall say that in such a case, at least, the railroad companies ought not to combine, in order to prevent a continuance of the swindle; for this is virtually what the cattle men have been practising. They have worked their plans with consummate skill, and the railroad companies have been very slow in finding out how they have been played off, the one against the other, for the benefit of some concern that was making large profits and which could well afford to pay the highest rates. The Standard Oil Company played the same game for a long time. There are other heavy business interests which have done the same thing, and thus diminished the earnings of the Pennsylvania as well as those of other roads. It is to be hoped that through combination, or other arrangements, such an evidently wrongful use of transportation facilities may be checked and the railroad receipts be correspondingly improved.

On the whole, considering the condition of business generally throughout the year, the stockholders in the Pennsylvania Railroad Company should be congratulated over the success of their enterprise. Diminished as the income of the road has been, it will nevertheless compare very favorably with the most flourishing of the railroad companies, and certainly with manufacturing, farming, mining and most of the enterprises in which the great portion of the capital of the country is invested.

## FINANCIAL FACTS AND OPINIONS.

The United States *Economist*, of February 20, gives on the best authorities the following comparative consumption of wool by manufacturers in Great Britain and the United States, in millions of pounds, during the last four years:

Consumption in	Millions of pounds.			
	1882.	1883.	1884.	1885.
The United States.....	366 ..	400 ..	414 ..	428
Great Britain.....	357 ..	340 ..	381 ..	365

The imports of wool by this country were, in millions of pounds 71 in 1882, 83 in 1883, 72 in 1884, and 98 in 1885.

The foregoing figures establish two facts, both of the first importance to the security and independence of this country. One is, that of the wool used by our manufacturers during the last four years, being 1,608 million of pounds, only 324 millions (about one-fifth) were imported. With this production by our farmers of four-fifths of the wool consumed in our mills, the supply of woollen cloths, blankets, etc., from internal sources which foreign wars cannot affect, is, in the main, assured, although the total and absolute exclusion of foreign wool is the only prudent policy in the long run. The second fact established is, that the consumption of wool by American manufacturers now distinctly exceeds the amount consumed by British manufacturers. The production and manufacture of wool have both made enormous strides since 1867, when the farmers and manufacturers came to an accord upon the terms of an arrangement for protecting both the raw material and the finished product.

At the end of February, 1886, the outstanding National bank circulation was \$317,746,371, being a decrease during the preceding year of \$6,437,236. The increase of lawful money deposited in the Treasury during the preceding year for the retirement of such circulation was \$10,287,552, so that the addition to the volume of money from the issue of bank notes was less by \$16,727,788 than it was March 1, 1885.

The contraction of the net bank currency during the year ending with February 28, 1886, somewhat exceeds what was forced upon the banks by the calling of the bonds deposited by them in the Treasury, and is to be ascribed in part to their being tempted to sell bonds by reason of the rise in their market price. It is not to be disguised that the current year is likely to see an increase from both causes of the falling off in bank circulation. The calls of bonds by the Treasury will be larger than they were during the year ending February 28, 1886, and all the indications

are that the present high prices of bonds will be certainly maintained, and probably go higher. The accumulation of lawful money deposited for the retirement of bank notes has become larger than ever before, and this fact will stimulate the tendency, which was very strong in the last Congress, to order some portion of these locked up funds to be used for general government purposes, and thereby put into circulation. The security of the bank notes, for the retirement of which this lawful money was desposited, will not be thereby impaired, but will remain as it is now, an obligation of the United States, which cannot be strengthened by the locking up of United States notes as a further security.

The favorable balances of our merchandize foreign trade during the last six calendar years, stated in millions of dollars, were as follows:

<i>Years.</i>		<i>Millions of Dollars.</i>		<i>Years.</i>		<i>Millions of Dollars.</i>
1880	....	192.9	....	1883	....	108.1
1881	....	163.3	....	1884	....	120.1
1882	....	15.1	....	1885	....	101.3

It is too early to predict with any confidence what it will be during the current calendar year, but thus far in the year it has fallen off a good deal compared with the corresponding months of 1885. Europe is bidding very high for gold by selling its commodities at prices unprecedently low, and by refusing to buy of us, except at very low prices, and since the 1st of last January we have shipped some gold across the Atlantic, and we may ship considerably more before the year is out. Thus far in 1886, prices in Europe continue obstinately low, and are still declining, rather than rising, as compared with 1885. If, in that state of things on the other side of the Atlantic, there can be such an improvement in prices on this side, as many commercial journals insist that there actually is, a large export of gold is inevitable. Nothing can be more invincibly true than that what controls at last the international movement of metallic money, is the relative prices of commodities in different countries, and that money will as certainly go to places where its purchasing power is the greatest, as that water will run down hill. The doctrine upon which the London *Economist* insists, is that what controls the international flow of money is the relative rates of interest in different countries, and that it goes always where it can be loaned at the highest rates. This doctrine is one of those local delusions which are so common and with which everybody is familiar. The *Economist* is published in a city in which the predominating class consists of bankers, who never think of money except as a thing which can be loaned, and who care and know very little about any circumstance connected with it, except the rate at which it can be loaned. It is in this way that the phrase "value of money" has

become so distorted in its meaning in that city, as to be used in the sense of the rate of interest upon loans much oftener than it is used in the sense of its value in exchange, and it is sometimes difficult to determine the particular sense in which the slobbering writers for London financial journals do use it. Without wasting further time upon local idiosyncracies and delusions, it is sufficiently obvious that varying levels of prices, as between different countries, constitutes a force causing the movement of money between them of immeasurably greater power than the force arising from varying rates of interest as between different countries. It is only a minute proportion of the loanable money of a country which can be attracted to other countries by any conceivable rate of interest, whereas, the attraction of lower prices in one country is exerted upon the entire disposable money of every other country.

In the actual situation, unless prices rise in Europe, and especially if they shall continue to fall, it will be difficult to avoid some considerable export of gold from this country, even if our general range of prices remains as it is to-day, and there certainly cannot be a rise in our general range of prices without ensuring such an export.

The nervousness in respect to an export of gold, however small, and without regard to the surrounding circumstances, which so many persons feel, does not seem to us to have any good foundation. Gold is just as much a part of the money of the world, and just as much serves to sustain the general range of the prices of the world, whether we export it or keep it at home. It would be a manifest folly for us to drain Europe of its gold, even if we could do it, which we can not. Furthermore, every addition made to its gold from our accumulations of that metal helps the prices of our great agricultural exports, of which the principal bulk finds its market on the other side of the Atlantic. We have most fortunately gotten rid of that worst of all currencies, an elastic money, responsive to the demands of trade, from which we suffered so long in the old days of State-bank issues. At the present time the export of one metallic dollar reduces our total volume of money by only one dollar, while it does, by precisely the same amount, increase the volume of money abroad; whereas, in the former times of bank notes on a (so-called) specie basis, the export of one metallic dollar shrunk our monetary circulation never less than by three dollars, and oftentimes by ten dollars.

It may serve to somewhat quiet alarms upon the subject of an export of gold, to remember that, taking the two last fiscal years together, the imports of gold balanced the exports, and that we accumulated, approximately \$40,000,000 from our mines, after supplying the demand for gold for use in the arts. So far in the current fiscal year, the net export of gold has been small, and considerably less than the domestic production of it.



A city paper (the *Times*, of February 1) describes the present tariff as

A war tariff maintained in a time of profound peace, not for purposes of revenue, but for the purpose of preventing foreign competition in many of the necessary articles of consumption with home production.

This is not a full account of everything which is contained in our tariff laws, but it is a correct statement of the fact that, among other things, they do impose heavy duties upon many necessary articles of consumption, with no view to revenue, but with the manifest, and, indeed, avowed object of preventing the foreign article from competing with home production. This is an eminently wise policy. It has the sanction of all the great men of the best age of the Republic, and its benefits have been established by a long experience. The sound doctrine is, that everything which is essential to the safety and independence of the country, and of which the production at home is reasonably practicable, should be so produced, and that the competing foreign article should be kept out by high and, if needed, absolutely prohibitory taxation. The more necessary the article is, the more energetic should be the measures to ensure its home production, if our natural resources make that possible. Passing from general propositions to specific illustrations, the importation of such indispensable things as salt, wool and iron, which no country can produce more abundantly than our own, should be met at our frontiers with high taxes, and the higher the better, in total disregard of the object of revenue, and looking only to the encouragement of home production.

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On the 13th of March there were outstanding \$316,985,661 of National bank notes, for the withdrawal of \$52,199,812 of which lawful money was deposited and held in the Treasury. This would seem to make an addition of \$264,785,849 to the currency from the issue of bank notes, but from that is to be deducted the five per cent. redemption fund, also deposited in the Treasury, so that (in round numbers) the bank notes do not add more than \$251,000,000 to the volume of money in the country. The addition made by the greenbacks is \$247,000,000, after deducting from the total greenbacks outstanding the \$100,000,000 of gold which the present Secretary of the Treasury claims that he has the right to hold, and which he does actually hold, for the purpose of securing their convertibility. The real aggregate addition made to our metallic money by bank notes and greenbacks is \$498,000,000. The silver money (including subsidiary coins) is about \$300,000,000, and the gold money is about \$600,000,000, making a grand aggregate of about \$1,398,000,000—or, if the \$75,000,000 of subsidiary silver is not included, of about \$1,323,000,000. Larger estimates are made, some of

them as great as \$1,800,000,000, but this can only be done by such manifest errors as adding the outstanding Treasury certificates of deposited gold, silver, and greenbacks, and at the same time including the coins and greenbacks so held in deposit. Another class of errors on this subject is that of making the purely fanciful distinction between money held in banks and that which is in circulation. Money in the vaults of banks, in readiness to respond to demands upon them and to be used in their business, is no more out of circulation than is money held for similar purposes in the pockets, drawers, trunks, or safes of individuals. Indeed, it was the opinion of Lord Overstone that money held by banks as the basis of credits was more effectively in circulation than in other possible situations. If coins and paper money are to be deemed to be in circulation only at the moment of being passed by one party to another, and to be out of circulation when they are held for the purpose of being so passed when occasions arise, it would only be a trifling percentage of the total money which would be in circulation at any given moment.

Undoubtedly there is such a thing as hoarded money, intended to be held as a store of value for long and indefinite periods. For the time being, such money is out of circulation, but in no proper sense can money held for use for the ordinary and constantly recurring occasions of the owner, be considered as hoarded.

The same observations will apply to money held in public treasuries, provided always it does not exceed such a fair working cash balance, as is necessary from the magnitude of public fiscal operations. The business of the Governments of great countries requires a working cash balance far exceeding what is needed in individual affairs, however extensive. It is also true that those in charge of public treasuries may go far beyond the requirements of a fair working balance, and accumulate and hold great sums from a variety of motives. Such accumulations give them power over the money markets, which, in modern times, is the greatest of all powers. It is gratifying to human pride to possess it, and it is the easiest of self deceptions for men in office to make themselves really believe that it is for the public advantage that they should possess it. Disinterested bystanders will look at things in an altogether different light, and will conclude that nothing can be more dangerous than to entrust any one man, or set of men, with the power of locking up great sums of money, or letting them out at discretion.

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The recent suggestion of a London newspaper, that the policy of establishing wheat granaries, which Pharoah adopted under the advice of Moses, should now be acted upon by the British government, with the reasons given for the suggestion, revives the recollection of one of the points which was urged forty years ago, in

opposition to the repeal of the British corn laws, and notably in the pages of the London *Quarterly*. An increase of British manufacturing industry, as a consequence of cheaper food for the laborers employed in manufactures, was the main reason put forward by Bright and Cobden for doing away with those laws. To this the London *Quarterly* and the other organs of the land interest replied, that it was dangerous to multiply the population of England, and at the same time to reduce the already rather deficient supplies of home-raised food; and they pointed out the possibility of wars with nations sufficiently powerful to cut off, or greatly obstruct, the importation of grain.

Many things have happened within forty years which were not foreseen by either the supporters or opponents of the repeal of the corn laws, and among them the California and Australian gold discoveries, which have more than anything else during the last thirty-five years stimulated the commerce and industries of England, and expanded its population.

The United Kingdom already requires an importation of 120,000,000 bushels of wheat, and as the low prices of that grain more and more diminish the home crop, it is easily foreseen that the required importations will be greater, and that the consequence of only a few months' interruption of such importations will be starvation, revolution and national ruin. It is the fear of this catastrophe, which causes the demand that the British government shall take the precaution of keeping always in public granaries sufficient wheat to tide over any possible period of the interruption of foreign supplies. The existence of such granaries might, at a critical moment, be essential to the safety of the country, and it would at all times allay alarms. Wheat may be kept in store a good while without serious deterioration, and there is no apparent objection to the plan of the proposed granaries, except that it would cost something in the way of the interest of the required capital.

From the commencement of the British debt in 1691 to 1885, the interest paid on it amounted to £ 2,764,726,000, or to 13,823 million dollars. Upon the National debt of this country, from 1862 to 1885, both inclusive, the interest paid was 2,205 million dollars, or nearly three times all the pension payments, 765 million dollars, during the same twenty-four years. In the case of both the British debt and our own, they are nearly all the result of war expenditures, and inasmuch as substantially no part of either is productively invested, the interest has come from the taxpayers, who receive no equivalent from such payments which leave the principal of the debts unimpaired. The British system of perpetual debts, commonly called the funding system, is as odious to-day to the great masses of the people of this country as it ever was. They will keep a watchful eye upon

those politicians who are seeking to change the American traditional policy of steadily reducing and finally extinguishing war debts, by either an open repeal of our sinking fund laws, or by rendering those laws inoperative by extravagant appropriations, or by cutting down necessary taxation. It is only out of surplus revenues that debts can be paid, and if the annual income of the government is reduced to the amount of its annual expenditure, as so many official demagogues demand that it shall be, it is obvious that nothing will be left to discharge the legacies of war, and although it is less obvious, it is as certainly true, that it is a sure consequence of a determination not to reduce debts, that they will be increased from the perpetually recurring occasions for extraordinary expenditure.

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A Georgia paper (*Augusta Chronicle*, of February 24) says that attention is being attracted to the magnitude of the sums which have been and are being loaned in that State upon farms. It seems to suppose that the interest upon such loans, with the addition of those made upon city property, is "something like one million dollars per annum." The rate of interest lawful in that State is eight per cent. per annum, but the commission, attorneys' fees, etc., on farm loans, are said to average as much as sixteen per cent., and as the loans are generally on five years, the actual annual cost to the farmer exceeds eleven per cent. annually, and the courts are inclined to hold that such commission, etc., do not make the loans usurious in a legal sense. The *Chronicle* apprehends that numerous foreclosures will be the result, and that farms sold in that way will not command present valuations, unless the foreclosing companies shall take measures to invite Northern people to come in as buyers and settlers. The *Chronicle* appears to anticipate advantages to the State from such changes of ownership, which, however, would not seem to mitigate the misfortunes to the present owners of being ousted from their homes. If it is worth while to maintain usury laws, they should be guarded against evasions; and loaning companies, in States permitting such a rate of interest as eight per cent., can well afford to pay out of it all commissions and attorneys' fees. The propensity, however, in new and undeveloped regions, to borrow money, even at ruinous rates, is too strong to be argued with.

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Of the total investments, January 1, 1886, of the Savings banks of the State of New York, amounting to \$534,536,633, the investments in public stocks were \$273,675,499, reckoned at their par value. Of these stocks, \$140,686,613 were Government bonds, the holdings of which were increased \$6,037,950 during the year 1885. Among the other stocks were \$107,838,400 in the debts of cities, counties, towns and villages in the State of New York. As the Government three-per-cent. bonds are held mainly by the National banks, the holdings of

the Savings banks must be chiefly in the long bonds, and will not be disturbed very soon, unless those banks are tempted to sell them out by the high and still advancing premiums. The mortgages, which are on real property within the State, were \$153,255,439, being an increase of \$11,311,189 during the year 1885.

In the review of the dry goods markets, the United States *Economist*, of March 13, speaks in general terms of the prospect as being "cheering for a satisfactory trade," and affirms that business "appears to have opened with a good tone," but we do not see that it specifies any actual recovery as yet in prices. It gives various reasons for believing that "prices should be firm, and with an upward tendency," among the strongest of which reasons is, perhaps, "the low basis of prices on which we now stand." In respect to woolen goods, it states specifically that "there is but little or no advance over the prices of last season."

In respect to foreign dry goods, of which the importations of New York from January 1 to March 12, 1886, were \$27,777,942, as compared with \$25,341,518 during the corresponding time in 1885, the *Economist* reports that the trade is fairly active, and that importers are satisfied with the state of our markets. This can mean nothing else than that the purchase prices in Europe are so low relatively to prices in the United States, that, notwithstanding the tariff, goods can be bought there and sold here so as to yield a profit. What is to be feared is, that this state of things will continue, and that European prices will keep low, or go lower, so as to make our markets satisfactory to importers. Reports from British markets, published in the *Economist*, confirm this view. Thus, from Leeds (February 26), it is reported that "prices keep low," and that, although there has been a curtailment of production, "some patterns of best solid fancy worsteds are almost singular in having shown no lowering of prices." From Huddersfield (February 26), it is reported that "business is not so good as it was a short time ago." From Nottingham (February 26), it is reported in respect to certain goods that "severe competition causes prices to be low, as indeed it does in almost every department of the lace trade."

The low prices in Europe not only make importations brisk and to some extent profitable, but they depress domestic production. The *Economist* prints an extract from a private letter from a Boston woolen manufacturer, in which the statement is made that "dullness is no name for the state of trade this week." The explanation of the *Economist* is the following:

Two months ago, the woolen trade opened auspiciously. But the market was no sooner opened for the sale of heavy goods, than we find something amiss, and a reaction follows. Goods and yarns are coming in at all the ports at prices below the cost of production here. This is not hearsay. It is the evidence of reliable men.

This is only one way of describing the struggle of prices, or, what is the same thing, the struggle for metallic money, as between nations. The constriction of money was never severer in Europe than it is to-day, and never before would Europeans give, in order to obtain specified sums of money, such quantities of their commodities, and so many days' labor represented by their commodities. There is a plethora of money in the loan markets of London and Frankfort, because there are fewer borrowers when production is without profit, but in the commercial markets everywhere in Europe the exchange value and purchasing power of money are fabulously great. So long as that state of things continues, as we have more than once felt it to be a duty to warn our readers, there is no rational ground for hoping for a recovery in this country of the prices of commodities internationally dealt in.

The common stock in English railroads, although the income from it has somewhat declined during the last five years, still pays better than almost any property in that country. The falling off in the returns from it is far less than it has been in agricultural lands, in mills, mines, and factories, or in shipping. The average annual rate on railroad common stock was  $5\frac{3}{4}$  per cent. in 1880, and was  $4\frac{1}{4}$  in 1886, but in England such stock represents an actual cash investment, instead of being mere water, like most of the common stock in American railroads. On the preference shares and debenture bonds of English railroads, the payments due are fixed in amount and have priority over dividends on the common stock. The gross income of English roads has declined more than dividends within the past five years, there having been within that time a decided decrease in current expenditures, arising from lower wages and cheaper supplies and raw materials.

It is as true in this country as in England, and perhaps more true, that no property of any magnitude pays as well as railroads, including city railroads. If there are exceptions to be made, they are only in the case of some telegraph, telephone and similar enterprises, hardly to be called properties, which derive their profits from their being monopolies, either by the legal privileges with which they are endowed, or practically by force of their situation and of the surrounding circumstances.

During the five years ending with 1885, the dividends paid on the common shares of American railroads, exclusive of city railroads, amounted to \$480,793,938, the average annual rate, and it was nearly uniform, being \$96,158,785. This last sum may be taken as a rough measure of the annual aggregate profits of the railroads in this country, over and above the current rate of interest upon all their actually invested capital, which is doubtless less than the aggregate of their outstanding bonds. In this situation of things, it is not

wonderful that so many new railroads are being projected, and that capital for their construction is so readily found.

The London *Economist* anticipates an excess of £2,500,000, or \$12,500,000, in the expenditure over the revenues of the British Government during the fiscal year ending March 31, although the revenues were, not long ago, enlarged by raising the income tax to eightpence in the pound. The alternative remedies which that journal proposes are more taxes, or an abandonment of the sinking fund, which last remedy would not be sufficient if the revenues continue to decline. There is no suggestion of the possibility of reducing expenditures, of which one-third consists of interest on the National debt. Indeed, in respect to appropriations for the navy, which now swallows up fabulous sums, there seems to be a general disposition to increase them. But, in the face of all these difficulties, Mr. Gladstone adheres with all the obstinacy of an old man to his life-long policy of courting the favor of the moneyed classes in London, and he is now ready with a great scheme of converting their mortgage interests in Irish lands into British consols, and at a rate which will at least double the actual value of those interests. His political tactics are precisely the same as those which induced him to wage a wholly unjustifiable war upon the people of Egypt, which has taken more than two pounds out of the British taxpayers for the sake of securing one pound in the shape of dividends to the London holders of Egyptian bonds.

The London *Times*, of March 20, prints a letter of Sir James Laird, the greatest agricultural authority, in which it is said:

If the present prices of agricultural produce continue, I should fear that from the land held by the larger body of poor farmers in Ireland, any economical rent has for the present disappeared. The purchase of it at any price would therefore be a certain loss.

In its editorial comments upon this letter, the *Times* says:

It is not too much to say that the rental of 528,000 holdings is practically irrecoverable by anybody, whether landlord, English Government, or Irish Government.

A city paper (the *Evening Post*, of March 18) assumes that the consumption of gold in the arts in this country during the 31 months ending January 31, 1886, was \$10,000,000, and that during the three years ending June 30, 1885, it was, "say, \$12,000,000." These figures are just about one-third of the estimates of the Mint Bureau while it was under the charge of Mr. Burchard. The present Director of the Mint, who is new in office, has not yet given any estimates. The figures of the usually accurate *Evening Post*, are by some oversight altogether aside from the mark.

Of the 1,605,764 of trade dollars reported by the National banks as held by them October 1, 1885, \$824,307 were in Pennsylvania banks, and \$438,898 were in New York banks.

The telegraphic accounts of Earl Grey's letter in the *London Times* of February 19, were in the main correct. His proposed £1 silver notes are precisely like the silver certificates proposed in this country in Gen. Warner's plan, in the particular of being issuable upon and redeemable in silver at its current market gold value. Earl Grey did not suggest that the legal-tender capacity of the £1 notes should be limited to £500, but that they should not be redeemable except when presented in sums not less than £500, and that they should not be issued except upon deposits of silver amounting to not less than £500.

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### THE DOLLAR.

The dollar is our unit of value. When we speak of the value of anything, we say it is worth so many dollars, and thus give a definite idea of its value. All nations have a unit of value. The English have the pound sterling; the French, the franc; the Italians, the lira—of about the same value, however, as the franc; the Portuguese, the milreis; the Greeks, the drachmé; the Russians, the rouble; the Turks, the piastre; the Germans, the mark at present, formerly the dollar. Other nations have the dollar also, but the value is not always the same as ours. Our dollar, as a unit of value, is fixed at 25.8 grains of gold, nine-tenths fine. There is also the United States note, the greenback, which is called a dollar bill, and passes for a dollar. This is issued by the Government, and entitles the holder to a dollar on presentation. It is, therefore, the representation of a dollar. The Government also issues two silver coins called dollars. One is called the standard silver dollar. It contains 412½ grains of silver, nine-tenths fine. It is coined from silver purchased by the Government, and is paid out by the Government in discharge of Government indebtedness for one dollar. The conditions of its issue are that the Government will receive it again for Government dues, and that it shall be received as a legal tender for all debts. It passes, therefore, for a dollar, although the quantity of silver it contains is worth only about 80 cents. It is, therefore, a representative or taken dollar, and would pass equally well if made of copper or brass, for it is sustained by the authority of the Government. The other silver dollar is called a trade dollar. It contains 420 grains of silver, nine-tenths fine. It is not made receivable for Government dues, and is not a legal tender, and therefore it passes only for the value of the silver it contains. None have been issued for several years.

At the time of our revolution the dollar was not legally established as our unit of value. Value was then reckoned in pounds,



shillings and pence. Accounts were kept in that currency the same as in England at the present day. General Washington's account book, commencing in 1775, when he went to Cambridge to take command of the army, was kept in pounds, shillings and pence. In 1778 he added another column for *dollars*. The reason for this was that the money in circulation was principally Spanish coins, which were called *dollars*. McMaster, in his history of the American people, mentions the fact that in 1774 the entire coin of the land, except coppers, was the product of foreign mints. English guineas, crowns, shillings and pence were still paid over the counters of shops and taverns, and with them were mingled many French and Spanish and some German coins. "Indeed," he says, the close connection the colonies had held with the traders of the Spanish Indies, and the nearness of the Spanish possessions at the mouth of the Mississippi and along the Gulf of Mexico, had made America familiar with all denominations of Spanish coins. These coins had long circulated freely among all classes of buyers and sellers. One of them, the Spanish milled dollar, had become as much a unit of value as the pound sterling." The term dollar had become so familiar to the people that the paper money issued by the Continental Congress was expressed in dollars. It was issued in sums of one to twenty dollars, in this form :

Continental Currency,

No. ——— dollars.

This bill entitles the bearer to receive ——— *Spanish milled dollars*, or the value thereof in gold and silver, according to the Resolution of the Congress held at Philadelphia on the 10th day of May, 1775.

At that time there was no law determining the size, weight, and purity of the dollar, and the term was applied indiscriminately to several coins. There were German dollars of different values, Danish dollars of other values, rix dollars of Holland, of still another value, besides different Spanish coins which were also called dollars. This variety of coins called dollars made it necessary to specify in contracts the kind of dollars intended. Thus, the Continental Congress specify the kind of dollar as the "Spanish milled dollar." The Spaniards, who governed most of the silver-producing countries at that time, had adopted the system of milling the edges of their coins so that any mutilation could be more easily detected.

In 1782, soon after the surrender of Lord Cornwallis, at Yorktown (October 19, 1781), the American Congress directed the Financier of the Confederation, Robert Morris, to lay before them his views on the subject of coins and currency. His report was presented in 1782. As stated by Thomas Jefferson, it was the work of Gouverneur Morris, the Assistant Financier. He attempted to introduce a coinage which would harmonize with the various cur-

rencies of the States. It must here be borne in mind that the State currencies were all depreciated from an over-issue of paper money, though not all to the same extent. Six shillings in New England would exchange for as much coin as seven shillings and sixpence in Pennsylvania, and eight shillings in New York. Mr. Morris thought it desirable to fix upon some unit that could be easily exchanged for the different values of this depreciated currency. He found that  $\frac{1}{13440}$  part of the dollar (Spanish) was a common divisor for all the currencies. Starting with this fraction as a unit, he proposed the following table for coinage:

10 units	= 1 penny,
10 pence	= 1 bill,
10 bills	= 1 dollar (about $\frac{2}{3}$ of Spanish dollar),
10 dollars	= 1 crown.

Here was the suggestion of the decimal system in a crude form

In 1784, Thomas Jefferson made a report, in which he recommended the Spanish milled dollar as a unit of coinage, retaining the decimal system which had been recommended by Mr. Morris. He objected to the unit of Mr. Morris, on account of its diminutive size, and recommended the dollar, because, in the first place, of all coins, it was the most familiar to the people; and, in the second place, it might almost be considered as already adopted for a unit. The public debt, the requisitions and the apportionment, were invariably expressed, not in pounds, but in dollars. No decisive action was taken in the matter till after the adoption of the Constitution. In 1791 Alexander Hamilton introduced a bill, which was passed by Congress and became a law, making the "dollar" the unit of coinage. It was to be of the value of the Spanish milled dollar, and was to contain  $371\frac{1}{8}$  grains of pure silver. It is not entirely clear why the Spanish milled dollar was mentioned in the Act, when the precise amount of pure silver in this dollar was fixed at  $371\frac{1}{8}$  grains. That was probably about the size of the Spanish piece at that time, and may have been mentioned because it was in general circulation, and the people were familiar with its value.

Why was this piece called a dollar? Dollar is surely not a Spanish word. The Spaniards called it a "peso." In the Spanish and English dictionary the corresponding English terms for this word are—Spanish coin, dollar, weighing an ounce; piastre, piece of eight. The Germans, Danes, and Swedes used the term in their coinage, but the Spanish never used it. In the Spanish dictionary the word "dalera" is given but only as a term applied to a foreign coin. It does not appear to have been adopted into their language. Yet the coin must have been generally known as the Spanish dollar, otherwise it would not have been used in a legislative enactment by so distinguished a lawyer and statesman as Alexander

Hamilton, There is other testimony to this fact. In Kelly's *Cam-bist* (1821) it is mentioned as the coin *universally* circulated under the name *Spanish dollar*. The "real vellon," he says, "is the basis of the Spanish coinage or the money unit, which is the twentieth part of the hard dollar (peso duro) *universally* known by the name Spanish dollar." Speaking of exchange, he says: "Bills for England on Gibraltar are drawn in current dollars of 8 reals, and in all transactions in which dollars are mentioned, they are understood to be payable in gold at the rate of 16 to the doubloon." McLeod, on Banking, also says: "Between London and Spain the exchange is always reckoned by the variable sum in pence given for the *fixed dollar*. London gives Spain so many pence for the *dollar*. These are English authors who tell us that the name dollar is universally applied to the Spanish peso, or piece of eight, as it is sometimes called. How it became so known is not easy to determine. Perhaps a reference to the origin of the word will throw some light upon it.

Etymologists are not agreed as to the origin of the word "dollar." Richardson, in his dictionary (1837), after mentioning its derivation from "thal," the German word for dale or valley, refers to Skinner, who published a dictionary in 1671. He says it may be derived from "dal," division, "dael," a portion, because it is half of the ducat; and in this opinion Cooke (another lexicographer, 1786) coincides with him. Fawcett, in his *Hand-book of Finance* (Chicago, 1879), says the word "dollar" is derived from the Gaelic "dal," a valley, and "ard," a hill, signifying a valley shut in by hills. In this derivation the latter part of the word seems superfluous, as valleys are usually enclosed by hills. It is always more or less a process of reasoning, by which we arrive at the derivation of a word, and there is a reasonable amount of testimony in support of its derivation from the word "thal" (pronounced tahl). From this source its origin would date back about three centuries and a-half, to the time when Charles V., Emperor of Germany, Henry VIII., of England, and Francis I., of France, were the three great monarchs of the world. It is traced to a little valley in Bohemia, called Joachimthal (Joachim-dale). In this dale or valley the Counts of Schlick, about the year 1519, worked a silver mine and coined silver into ounce pieces, which were a little larger than the American dollar, an ounce containing 480 grains and the dollar 412½ grains. On account of their convenient size, purity, and uniform weight, these pieces became very popular and came into general use. It is not stated that any name was stamped upon them, but a popular coin, passing from hand to hand, and being constantly referred to in business and trade, could not long remain without a name. The name given then was Joachimthaler, from the name of the valley where they were coined. William Jacobs, in his *Precious*

*Metals*, published about 1830, refers to these mines, but says there is now no record of their workings, showing when work was commenced or how much was produced. He mentions, however, that they had been worked to great depth. In Kohl's *Austria* (1843), a "Book of Travels," he says, "Coins may be seen here of all the great Bohemian families that at various times have enjoyed the privilege of coining money. Among these families the most distinguished are the *Schlicks*, the *Rosenbergs*, and the *Waldsteins*, or *Wallensteins*, as *Schiller*, for the convenience of his rhythm has thought proper to call them. Of the *Waldstein* family however, none have exercised the right of coinage since the days of their great ancestor, of whom some very beautiful gold coins still exist.

The Counts of *Schlick* exercised the privilege longer than any other of the old Bohemian families. Coins of a very recent date may be seen with their effigy. Their celebrated silver mines at *Joachimberg* were so productive that in the beginning of the sixteenth century, they coined what were called *Joachimthaler*, which weighed a full ounce, and which may still be found in circulation in *Russia*, where they are known sometimes by the name "*Thaleri*," and sometimes by that of "*Yefimki*."

Coins called *Joachimdalers* were in circulation in *Denmark* as early as 1531. In a Register of King *Frederick's* Orders, published in *Danish* (1789), the following entry is made:

1531. Bishop *Iver Munck* loaned the King 2,000 gylders, consisting of *Rheinish* gylders, *Joachimdalers*, *Skreckenbergers*, *Mark-Stycker*, double *Lübske* and *Skillinger*, for which the King mortgaged his palace. The word "*daler*," in *Danish* (pronounced *dahler*), corresponds very nearly in sound to the word "*thaler*," in *German*. This word was in use in *Denmark*, employed in their coinage, and adopted into the language at a very early date. *Snowden*, in his *Manual of Coins*, commences his notice of the *Danish* coinage with the reign of *Christian IV.* (1588 to 1648). "The silver 'coinage,'" he says, "was based on the old 'species daler' as a unit." The standard is said to have been adopted in the beginning of the sixteenth century, by *Frederick I.* *Frederick I.* reigned from 1523 to 1533. *C. F. Allen*, in his *Handbook and History of the Fatherland*, says King *Hans (John)* was the first who struck the larger coins, such as nobles, gylders and *dalers*. King *John* reigned from 1481 to 1513. From this it might be inferred that the word "*daler*" was used in *Denmark* previous to 1519, the time of its supposed *Bohemian* origin. But upon this point we find further testimony. *Lorenzo Praetorius*, a *Danish* numismatist, published in 1791, at *Copenhagen*, two large folio volumes, containing plates and descriptions of the coins and medals of *Denmark* from the earliest times. Under the reign of King *Hans* he gives a silver coin which in his description he calls a "*daler*." The plate does not, however, show this to have been its mint designation, and he expressly says in a

note that it was not called a "daler" until after 1519, when the word first came into use. This plainly indicates his opinion of the Bohemian origin of the word. The Danish coin was struck about 1512. Some years after this the German thalers were in circulation, and became so popular that the name was adopted by the Danes, used to denote their unit of coinage, and even applied to other coins of corresponding size and value.

That the word was not used in the Danish coinage under King Hans, and did not come into use at any time previous to 1524, is indicated by a coinage order contained in the Register of King Frederick's Orders. The order is dated 1524, and directs the Master of the Mint to coin the following pieces: Rheinisch gylders, in gold; the mark, half-mark, two-mark, four-skilling, and four-white-skilling pieces, in silver. No mention is made of the "daler." Had it been previously coined and adopted as the money unit, we should expect to find some allusion to it in this order. So far as our researches have extended, the priority in the use of the word rests with the Germans.

In 1541, Charles V., as Emperor of Germany, issued a coin designated a thaler. This is probably the earliest use of the word in National coinage. There can be but little doubt that this coin took its name from the coins previously issued by the Counts of Schlick. It is the first coin mentioned in the books with the distinctive name of thaler. That its use was general throughout the German Empire is shown from the fact that, in the next century, we find it adopted as the unit of coinage for nearly all the German States and principalities which arose out of the empire.

How came it in the English language? This question may be answered by reference to the commercial history of the sixteenth century. During that century the league of German cities, called the Hansa, had monopolized nearly all the commerce of Europe. England had not yet become a great commercial nation, nor even a manufacturing nation. Raw materials were sold to the German cities to be manufactured and brought back again to England. Antwerp was the principal commercial mart of the world. The money in use there was the German and Spanish coin. All business was transacted with these coins as a basis. If other money was used, it passed through the hands of the money changers first, and not without serious loss to the buyer. The coinage of England in 1549, under the reign of Edward VI., the successor of Henry VIII., was reduced to mere token money. Men high in authority managed the coinage for their own pecuniary profit. A pound weight of silver was coined into £7 4s., out of which the Crown retained £4 for seigniorage and cost of minting, paying the merchant only £3 4s. for his silver. "The coins were so tampered with," says Lindsay, in his *History of Merchant Shipping and Ancient Commerce* (1874), that they became mere tokens, convenient enough for home

trade, but of no value abroad beyond that of the amount of silver they contained," which was only about 50 per cent.

Such currency could not serve them in their foreign trade, and we may well suppose that the German thaler came into general use for this purpose. As early as 1600 we find the word dollar in use in England to express value. Shakspeare uses it once in "Measure for Measure," and once in "Macbeth." In the former play the scene is laid in Vienna, where German thalers were in use, and it may have been introduced as a foreign word to correspond with the scene. In the latter play it is used by a nobleman, who is supposed to have lived in the time of Macbeth about A. D. 1000. This would be plainly an anachronism, if the word was used with any reference to the period represented, and we must therefore suppose that it was not uncommon at the time he wrote. If he did not find it in use he left it so, for his use of the word has given it a standing in the language. In Richardson's dictionary several quotations are given of the use of the word to express value—one as far back as Edward VI. It is there spelled "daler," the Danish form of the word; another, in Ben. Jonson's *Alchymist*, spelled "doller." In MacPherson's *History of Commerce* the word is used in respect to the money transactions of King James I. In 1620 he borrowed 200,000 imperial *dollars* of his brother-in-law, King Christian IV., of Denmark, for the succor of the Palatinate, for which he was to pay the usual and legal interest of six per cent., being 12,000 *dollars*. The next year he obtained from him another loan of 100,000 *dollars* at what is called the low interest of six per cent.

About the year 1700 there was a Scottish coin called a dollar, worth about 4s. 6½d., English. These coins, according to Sir Isaac Newton, were put away in the North of England for 5s., and at this price began to flow into England. In Sir Isaac's report upon the coinage (1707), he says, "I gave notice to the Lords of the Treasury, and they ordered the collector of taxes to forbear taking them, and thereby put a stop to the mischief.

In Reis' *Cyclopædia* (1802-19) we find the following: "Dollar or *Daller*, a silver coin nearly of the value of the Spanish piece of eight or French crown. Dollars are coined in divers parts of Germany and Holland, and have their diminutions as semi-dollars, quarter dollars, etc. They are not all of the same fineness or weight. The Dutch dollars are the most frequent. The Danish dollar, called Sleswick and Holstein specie dollar, is a silver coin with much alloy, which passes for about 4s. 6d. sterling. The coin has a general circulation all over Sleswick and Holstein, even including Hamburg itself, and is divided into halves, quarters, etc. In the Levant they are called Astaini, from the impression of a lion thereon." It is worthy of note that, in this article, the Editor gives the alternative spelling dollar or *daller*, which shows that

the form of the word in English was not fully settled, and also the retention of the letter *a* in the first syllable indicates its German or Danish origin. It is very probable that the Danish "daler" was in general use in England under the reign of King James I. The imperial dollars borrowed by this monarch from the King of Denmark were probably German thalers, that being the only empire which issued the coin.

In America, value was expressed in dollars as early as the middle of the eighteenth century, and probably much earlier. In Parkman's *Historical Sketches*, under date of 1756, he says: "A bounty of six dollars was offered this year to stimulate enlistment, and the pay of a private soldier was fixed at one pound six shillings a month, Massachusetts currency." In 1775, one Sergeant Gray, belonging to a regiment of the King's troops, exults over his good fortune in a letter to his brother John: "I have two Holland shirts found me by the King; two pair of shoes, and two pair of worsted stockings; a good, silver-laced hat (the lace I could sell for four dollars)."

There were many sources which contributed to a general knowledge of the word in America. The Pilgrims stopped in Holland on their way to this country, and must have been acquainted with the Dutch dollar (daalder). The Dutch who settled New York brought dollars with them, as did the Swedes who settled in New Jersey, and the Germans who settled in Pennsylvania. The name dollar was a household word to all these people, signifying nearly the same thing to all of them, the slight difference being expressed by the qualifying term, German, Dutch, or Danish. The increasing commerce of this country brought in the Spanish coins in large quantities. One of these, the peso, was about the same size of the coin which the people had been accustomed to call a dollar. Very naturally the name was applied to it with the qualifying term of Spanish. It appears to have been called in England a piece of eight, because it was stamped eight reals (real being the Spanish unit of value). As early as 1704 there was a proclamation by Queen Anne, making the Seville pieces of 8 (old plate, 17 dwts. 12 grs.) worth 4s. 6d. This gave to the piece a certain market value in English currency, and it became the basis of exchange between England and all other countries where it was used. According to Sir Isaac Newton, this was very nearly the value of the "pillar dollar" (Spanish) which contained of pure silver 386 $\frac{7}{8}$  grains troy. At that time (1707) a pound of English standard silver was coined into 62 shillings, the standard then, as now, containing 18 parts of copper alloy to 222 parts of pure silver, being, therefore,  $\frac{11}{12}$  fine. The present quotation of silver in London is for this standard. In 1786 the Continental Congress fixed the value of the dollar at 4s. 6d. This was an ideal dollar, for there was no dollar coined to which the value would apply. In

1791 when the dollar was taken as the basis of our coinage, the amount of pure silver it was to contain was fixed at  $371\frac{1}{4}$  grains. This was less than the Seville piece of 8, and less than the Spanish pillar piece assayed by Newton. But the custom of making exchanges on the basis of 4s. 6d. for those pieces was still continued when our dollars came into use, and the difference was made up by exacting a premium for exchange which amounted to about  $9\frac{1}{2}$  per cent., that being the amount which our dollars fell short of the adopted standard. Thus, for the dollar containing  $386\frac{2}{3}$  grains pure silver, it took \$4.44 $\frac{1}{4}$  to make a pound sterling. The American dollar contained only  $371\frac{1}{4}$  grains, and it took more than \$4.44 $\frac{1}{4}$  to make a pound. But for some reason, probably for convenience in computation, the pound was called equal to \$4.44 $\frac{1}{4}$ , and if American dollars were to be received  $9\frac{1}{2}$  per cent. premium was exacted when exchange was at par, and 12 per cent. when exchange was  $2\frac{1}{2}$  per cent. above par. Exchange with London and New York is now made on the basis of the actual dollar, and it takes \$4.8665 to make a pound sterling. Whatever is paid beyond this sum for a pound sterling is the premium on exchange. Whatever deduction is made from this sum is discount on exchange.

ALBERT WINSLOW PAINE.

## COMMERCIAL EXCHANGES \*

### CHAPTER II.

#### ORIGIN OF EXCHANGES IN AMERICA.

Little Progress in Development of the Country during the First Century—The Tradesmen of England, France and Holland Become Interested—Colonies Founded by Trade Associations—Importation of the First Cattle—The First Regular Market of New York—Early proclamations Concerning Trade and Markets—The Old Market at the Strand, and the New York Produce Exchange—The Coffee-houses of the Colonial Period—Coffee-houses at the Breaking Out of the Rebellion—Cornelius Bradford and How the First Maritime Exchange and the First City Directory Took Root in His Coffee-house—Organization of the Bank of New York and the Meetings of Societies at the Coffee-house—The Reception of President Washington—The Tontine Coffee-house and the Chamber of Commerce.

As it was in the Old World, so has it been in the New. History traces our oldest trade associations back to the first markets and fairs on this side of the Atlantic. And more, even, for it was by trade organizations that those colonies which persevered and thrived in the New World were planted, fostered and extended. Very little progress was made toward the settlement of America

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for more than a hundred years after its discovery. Blundering expeditions, one after another, had been sent over by the English, French and Spanish for the purpose of exploration. It not once occurred to those selfish monarchs that possibly here lay the broad fields for industry, trade, commerce, and civilization, requiring only to be touched by the magic wand of business. No, they dreamed only of finding here fields rich in precious metals, which might be procured and brought to their own doors. And, perchance, they were inspired too by the hope of carrying hither, and planting among a heathen nation, their own religious tenets and faith.

But after a hundred years of fruitless effort by the governments, under erroneous ideas and notions, the tradesmen of England, France and Holland had conceived the idea of establishing colonies for commercial purposes. These business people had come to the belief that the land could be tilled, and trade established with the natives; that there was here an opportunity for making money, through the natural order of industry and exchange. Knowing that many of their people were restive, under monarchical restraint and oppression, and that many others were daring and industrious, —willing to assume the risks for the prospective benefits—colonies were founded and capital furnished for equipping and sustaining them.

In the early part of the seventeenth century, Holland merchants had sent ships to America laden with their manufactures, to be exchanged with the natives for furs. The traders had established two trading posts; one of these was on Manhattan Island and the other up the Hudson, near the present site of Albany.

In 1621 the West India Company was formed, and obtained a patent from the Crown for that part of the country lying between the Connecticut River and Delaware, which they named New Netherlands. This company fitted out ships and commenced at once to send over colonists. Not like the grasping monarchs, who sent only men to explore for gold and battle with the natives, these merchants sent families and the necessities for their sustenance. A director of the company brought over two ships laden with cattle, horses, and swine, and the company established storehouses, in which was opened the first regular market in New Amsterdam, as New York was then called. The colony flourished and the cautious Hollanders soon had a considerable trade established with the Indians. Outsiders began to come in, hoping to share the prosperity and help reap the rewards of industry and patience. The trade had so grown that in 1647 Governor Stuyvesant, with his little band of city fathers, deemed it expedient to enact an ordinance for confirming the privileges of trade in New Amsterdam, which prescribed that "henceforward no person shall keep a shop or carry on any retail business, except such as have before taken

the oath of allegiance," and who were rated to be worth at least 2,000 to 3,000 guilders, and "do enter into an engagement to remain in the country four successive years, and to keep fire and light at their own expense." This regulation was not intended, however, to extend to old residents, who were permitted to trade without qualifying as to their capital. But it was necessary that they bound themselves to remain in the province the required time. Traders were prohibited from using weights or measures except those of "Old Amsterdam, of which we are named." The ordinance also provided that "for the encouragement of the trade, each Monday in the week is declared to be a market day, as well for strangers as residents."\*

At about this time there was also established an annual fair or Kermis, which was to commence on the first Monday after the feast of St. Bartholomew, and continue ten days, at which all persons were permitted to sell their goods from their tents.

On the 12th September, 1656, Governor Stuyvesant issued the following proclamation:

"Greeting: Whereas, now and then the people from without are in the habit of bringing into the city different commodities, such as veal, pork, butter, cheese, turnip roots, straw and other products of the land for the purpose of selling them, and it frequently happens, particularly here at the Strand, that they are obliged to tarry long and to lodge, to their great damage, for the reason, because the community, or at least the greater part, especially of those who live away from the Strand, are not aware that such commodities have been brought for sale; not alone to the discommoding of the 'Burgerers,' but also to the notorious injury of the enterprising man from without, who frequently has to lose more in time than the profit on his commodities will warrant; therefore, for the purpose of making provision in the premises, the Director-general and Councillors aforesaid by these presents do ordain, that from this time forth, here in this city, Saturday shall be the market day, and market shall be held at the Strand, at or around the house of Mr. Hans Kierstede, where, after him, every one shall be permitted to enter that hath anything to buy or sell."†

The location here mentioned was on the East side of Pearl Street, between Moore and Whitehall, and was the first public market-place of New York. In 1675 a new market was erected near where the one on the *Strand* had been formerly held, and which was nearly upon the site of the old Produce Exchange building, corner of Pearl and Moore streets, and was known as the "Custom House Bridge Market." In May, 1684, the market was removed to a vacant piece of ground opposite the old

\* De Voe's Market Book.

† City Records.

fort, which brought it upon the site of the new Produce Exchange building, thus presenting this singular coincidence: "On May 5th, 1884, just two centuries after our Dutch and English ancestors had moved the Custom Bridge Market to the Market Field, at Bowling Green, two centuries after to a month, almost to a day, we, literally following in the footsteps of our fathers, marched from the old to the new Exchange, unconscious agents in this repetition of history."\*

In 1658, a market-place, known as the Broadway Shambles, was built on the plain in front of the fort, the present site of Bowling Green, and used as such until 1707. After this for many years the place was used as a fair ground, and in 1720 it was again converted into a public market.

"Here was the Market Feldt of New Amsterdam, the Market-field of New York, and Marketfield Street, over a portion of which the Exchange is now built, and which was a convenient and accustomed approach from the canal to the Market-place, or Broadway Shambles. This site, most felicitously selected, seems to have had peculiar attractions for business interests since the earliest colonial days, and the erection upon it of a permanent dwelling-place of commerce is a fitting dedication of the land to those purposes of trade for which it was originally used two centuries and a-half ago.†

We have now glanced at New York's commercial associations through the first century of its history. But the markets of New Amsterdam form only one factor with which we must deal for historical record. They were only coprogenitors to the great markets and trade organizations of America's chief commercial city. Some of these now powerful trade associations trace their origin back to the little gatherings of merchants in the historical coffee-houses of the colonial period. The great exchanges of New York, which to-day exert a moulding influence upon the markets of the nation, form as pleasant a contrast with those quaint assemblages of the olden time, as do Fulton and Washington markets with the little gatherings of Dutch tradesmen at the "Strand" two centuries ago.

In the preceding chapter appears a brief account of the London coffee-houses and their connection with trade organizations. These institutions, for many years so popular in England, were imitated in America at an early date. The history of none of our cities which flourished during the seventeenth and eighteenth centuries, can be related without allusion to the coffee-houses as among the most conspicuous and important establishments of those times. There was a coffee-house in New York as early as the year 1700. The

\* Opening Ceremonies New Produce Exchange.

† Report of Committee on Publication, New York Produce Exchange.

old coffee-houses of England were fitted up with small booths or private boxes, in which the patron was permitted to sit with his friend and chat over a cup of coffee, the usual price of which was a penny. But the establishments, as we learn, instituted on this side, provided tables and chairs, more in the manner of our restaurants and cafés of to-day.

The council or assembly of the colony of old New York met for many years at the then conspicuous Coffee-house. The first newspaper, the *New York Gazette*, which was established in 1725, contained several notices of this place of resort, indicating that it was not only a place for refreshing the inner man, but was also a kind of headquarters for the merchants to meet and talk over their business affairs, and for clerks and others to go in search of employment. It became known as the Exchange Coffee-house. An old map, published in 1728, locates this rendezvous at the foot of Broad Street, not far from the market. It was generally referred to as the "Exchange." Here were held the public auctions, town meetings, and gatherings of almost all sorts of the best people. It was the most popular resort of the town. At one time it bore the name of the "Gentlemen's and Exchange Coffee-house," and then it was simply the "Gentlemen's Coffee-house." But, from the best information we now have, it was something of a rolling stone. From the foot of Broad Street it went to a building near the Great Dock, and from there it migrated to a building near the Long Bridge, and finally it is heard of as being at Hunter's Quay, now Front Street. During the period above gone over, 1728, to 1762, there were two other similar establishments put into operation, one, the "Merchants' Coffee-house," and the other the "Whitehall Coffee-house." At the breaking out of the revolution these resorts were scenes of the gravest and most exciting character. It was in the Coffee-house where the Sons of Liberty took charge of Captain Lockyer of the East India Company's ship *Nancy*, which lay just outside of the Harbor, laden with tea. The captain had been permitted to come up to the city himself, but his vessel was warned to remain outside the harbor. These patriotic revolutionists kept a close watch over the master of the *Nancy*. "He was taken to the end of Murray's Wharf, at the foot of Wall Street, near by, and put on board the pilot boat amid the music of bands, the huzzas of the people, and the firing of guns." During the exciting times that followed, April 1774 up to the commencement of hostilities 1776, while the commerce was almost entirely suspended, the coffee-houses were used more for public gatherings than for purposes of business, and they were in danger of having to close their doors. In one of the city papers, over the *nom de plume* of "A Friend to the City," is found a card to the people, deploring the fact that the Coffee-house is not supported, and expressing

deep regret that there is "no place of a daily general meeting for the merchants."

In 1779, at the request of the military Commandant, such of the members of the Chamber of Commerce as had remained in the city resumed their sessions, which had been suspended since 1775, and, their old room over the Exchange being used for other purposes, engaged the Long Room of the Coffee-house, where they continued to meet until the close of the war. In 1783 the exiled patriots returned to the city, and among them was Cornelius Bradford, who, as proprietor of the Merchants' Coffee-house, had won a wide reputation. He had served as the confidential express messenger between the Sons of Liberty in New York and the association in Philadelphia, and accompanied the troops when Washington evacuated the city. Bradford soon got possession again of his old stand, which he announced as the "New York Coffee-house."

"Cornelius Bradford," says a recent writer,\* "seems to have been a man of vigorous and original mind, and, by the various attractions he devised, soon made the old stand the center of business. He opened a book in which he entered the names of all vessels on their arrival and departure from the port, with such extracts from their logs as were of interest or value, thus forming the first marine list ever undertaken in the city. He also opened a city register, in which the merchants and others were requested to register their names and residences—the first approach to a city directory ever made. The Exchange at the foot of Broad Street, having fallen from its high estate as a meeting place of merchants to an ordinary market-house, the Coffee-house became the rendezvous for merchants and traders, while the bridge at the side of the building in Wall Street was the daily scene of vendues of all kinds, from sheriffs' sales of houses and lands, to the disposal by licensed auctioneers of cargoes of merchandise, invoices of dry-goods, and even horses and carriages."

The Bank of New York, the first institution of the kind in the city, was projected in the Merchants' Coffee-house, 24th February, 1784, and here also it was formally organized the following month. The various societies, almost without exception, made the Coffee-house their headquarters. The Chamber of Commerce and Marine Society met here regularly. The Grand Lodge of Master Masons held its sessions here, as also did those of the Cincinnati, and the Societies of St. Andrew and St. Patrick. It was in this famous old house that the Marine Society entertained Congress, on the 19th January, 1785, as did also the Chamber of Commerce on the 3d February following. Here it was, too, where President Washington was publicly received by the Governor of New York and the State officers, the Mayor and the city's principal officers, with the enthu-

\* *Harper's Magazine*, March, 1882.

siastic populace, who turned out to welcome and honor the father of his country on April 23d, 1789.

In 1792, a new establishment, known as the Tontine Coffee-house, made its appearance. The city had out-grown the accommodations afforded by the old establishment, and it was the purpose of the new one to provide more suitable accommodations for the commercial classes. The Chamber of Commerce in particular had assumed such proportions that the body required a more favorable locality.

In our review of the commercial associations of New York City, which, according to the plan of our effort, will follow in their regular order, we shall not endeavor to trace the history of any back of the time where as one general history we leave them here. Suffice it to say that, in one way or another, the trade associations of New York are the outgrowth of various forms of organization which took root either in the old coffee-houses, or the markets and fairs of the seventeenth and eighteenth centuries.

[TO BE CONTINUED.]

## SECRETARY MANNING ON SILVER.

The following communication on the 2d of March was addressed to the Speaker of the House in reply to a series of resolutions passed by that body:

*First.*—Whether or not any agreement or arrangement was made by the Treasury Department with the Clearing-house Committee, or others, in New York, in order to avert a "temporary danger," or to "preserve the gold standard;" and if so, by what authority of law such arrangement was made and carried out.

*Second.*—The amount of silver dollars in the Treasury on March 4th, 1885, and on February 3d, 1886, unrepresented by outstanding certificates; the amount of silver certificates in circulation on those two dates; and the amount of interest-bearing debt that was subject to call on February 3d, 1886.

*Third.*—The amount of silver dollars in the Treasury on the aforesaid dates respectively, that "could" have been applied in payment of the interest-bearing debt and other dues of the Government; and what amount of silver certificates on the latter date that "could" have been reissued.

*Fourth.*—Whether or not the same policy, as to the payment of silver, is to be pursued in the future as in the past.

The law of 1789, which first provided for the departmental organization of the Treasury declared that the Head of the Department "shall make report and give information, to either branch of the Legislature, . . . respecting all matters referred to him by the Senate and House of Representatives, or which shall appertain to his office." (R. S., § 248.)

Having been called upon by the House not merely for *facts* contained in official records of which I am the custodian, but for my present opinion as well as my views of future *policy*, I have not felt at liberty to avoid a plain and candid compliance with the request of the House even

though it oblige me to enlarge my reply with argumentative matter, which might have been unnecessary, and even out of place, if only an exhibition of my official acts in the past had been required.

The following table does not disclose all the peril from which the finances of the country were brought out, after the adjournment of the 48th Congress without action upon the subject now engaging the deliberations of the 49th Congress, but it shows the gradients where descent is so much easier than the reverse. The gold in the Treasury, besides the one hundred millions of dollars held as the minimum reserve to secure the present redemption and future payment of the \$346,681,016 United States notes, has been as follows:

January 2, 1885.....	\$41,688,000
March 4, 1885.....	26,358,000
June 3, 1885.....	14,650,000
July 29, 1885.....	20,071,000
July 30, 1885.....	25,985,000
January 2, 1886.....	48,444,000
February 8, 1886.....	38,219,000

Meanwhile, the silver dollar circulation has been enlarged from March 4th, 1885, to date, from about \$40,000,000 to about \$51,500,000.

The correspondence in reply to your first inquiry, respecting an exchange of subsidiary silver, and of certificates representing standard silver dollars, which certificates were not a legal tender, for gold, United States notes or other forms of lawful money,—a transaction wherein the New York banks showed again, as during war, their perception of an enlightened self-interest in the dictates of a sterling patriotism,—receives light from the following table:

	Receivable in the Treasury of the United States from their debtors.	Payable from the Treasury of the United States to their creditors.
Gold coins.....	.....do.....	Do.
Silver coins.....	.....do.....	"Except where otherwise expressly stipulated in the contract." Except for gold certificates of deposit, Act of February 28, 1878, Revised Statutes, 254.
Gold certificates.....	.....do.....	Not legal tender, July 12, 1882.
Silver certificates.....	.....do.....	Not legal tender, February 28, 1878.
Subsidiary silver.....	Practically, as redeemable in United States notes, under Act of June 9, 1879.	Legal-tender limit, \$10; Act of June 9, 1879.
United States notes...	Except duties on imports received since January 1, 1879.	Except interest on public debt, February 25, 1862.
National Bank notes..	Except duties on imports.	Except interest on public debt, June 3, 1864. Except in Redemption of United States notes.

The Treasury is a reservoir with incomes and outgoes. By law it receives almost every kind of authorized currency. The outflow authorized by law is far less free and various. The Government could, of course, compel the acceptance of nothing but legal-tender money, even if compulsion were a pecuniary or moral advantage. The actual diversity between the legal circumstances controlling inflow and outflow is

obvious at a glance over the table and statutes there cited. Nevertheless, the practice of this department, becoming within the last twelve-month for the first time difficult, has been uniform, to so provide for the usual wants of the Sub-Treasuries, that any creditor of the United States, rich or poor, laborer or contractor, soldier or sailor, Congressman or bondholder might at all times have his choice among the currencies in which his dues were payable. This procedure, an ordinary commercial convenience at private tills where only thousands of dollars pass from year to year seems not unsuitable where hundreds of millions ebb and flow, and where those who control the till control the currencies. No kind of currency issued by the United States has been, at any branch of the Treasury, disparaged and discredited, by withholding another kind of currency to which it was made by law equivalent.

I have labored to promote the circulation of silver with unremitting energy. I have pressed its circulation at a constant expense to the Treasury when other forms of lawful money could have been circulated without such cost. I have pressed its circulation at the expense of the United States notes (ones and twos), which, as fast as redeemed, have been reissued only in larger denominations. I have pressed its circulation at the expense of the circulation of National bank notes. I have upheld its value by never compelling its receipt by any creditor of the Government, and never failing to provide by exchange or transfers whatever currency might be preferred.

The policy of the Treasury had been, under my predecessors, ever since specie redemptions of United States notes began, January 1, 1879, to admit their receipt for duties on imports (despite the provision of the Act of February 25th, 1862, section 5) rather than oblige importers to go to the Treasury to get those notes redeemed in coin, which would then immediately be returned from the Custom House receipts for duties. So much for the outflows from the Treasury. Now as to the inflows.

The language of my predecessor, Mr. Sherman, in his Annual Report, December 1st, 1879, speaking of the beginning of specie redemptions of United States notes, January 1st, 1879, as follows:

"No distinction has been made since that time between coin and United States notes in the collection of duties or in the payment of the principal or interest of the public debt."

The same Secretary, December 2d, 1878, had apprised Congress of his purpose so to conciliate the contradictory policies of the law by saying:

"With this view of the Resumption Act, the Secretary will feel it to be his duty, unless Congress otherwise provides to direct that, after the 1st day of January next, and while United States notes are redeemed at the Treasury, they be received the same as coin by the officers of this Department in all payments in all parts of the United States. If any further provision of law is deemed necessary by Congress to authorize the receipt of United States notes for customs dues or for bonds, the Secretary respectfully submits that this authority should continue only while the notes are redeemed in coin."

Accepted without protest by the creditors of the United States, this construction of the law, submitted to the disapproval of the 46th Congress thus without result, and since tolerated by the 47th and 48th Congresses and by all my predecessors in this Department, may be held to abridge my liberty to enforce a stricter observance of the letter of the statute.

The question would be vacated by an Act of Congress repealing the (Act of May 31, 1878) compulsory post-redemption issues and reissues of United States notes, and providing for the gradual absorption of the



same in a more abundant, lawful, and safer currency, consisting exclusively of coin and deposit certificates of coin, dollar for dollar, of any amount in each denomination desired.

Unless by non-receipt of United States notes for taxes on imports, the various inflows to the Treasury are not to be regulated by any individual discretion or skill in this Department. The nature and limits prescribed to our several currencies are fixed by Congress. None is left to the choice and freedom of the people except the gold currency, and that is threatened by the presence of artificial rivals on every side. While these laws and human nature continue as they are, it is probable that the kind of currency receivable at the Treasury, which will first be paid in, will always be that kind (for instance, silver certificates) which has not the legal-tender quality, and is, therefore, more acceptable for liabilities to the Government than for liabilities to private persons.

But there are other limits, even in respect to the circulation of full legal-tender money, which may be discerned in practice, whether the reservoirs through which such money flows be large or small. These limits arise from the various uses to which money is put, of small and large denominations, and from everybody's natural endeavor to employ whichever best promotes his convenience in each purchase, payment or exchange. These are the limits imposed by trade and labor in practical use. The car companies accumulate five-cent pieces. The Clearing-house takes in \$10,000 certificates. Given a supply of all other denominations, the number of one-dollar coins or bills that will be employed cannot be made to exceed a certain amount. They will, if once forced out, return again speedily and the excess will stay in the reservoir, Treasury or bank, uncalled for. If forced out, and kept out, they will occupy the place in the circulation which another denomination would have filled more conveniently had the public enjoyed an option. The same rule holds in respect to every other denomination, qualified by the fact that dimes will effect more payments than dollars can, and a dollar more than a thousand-dollar certificate. Ones and twos, together with silver dollars, cannot both be circulated at the same time, to an amount much beyond what would be used optionally of either kind alone. Five-dollar bills and half-eagles are in the same case. The amount of use is different in each denomination because the kind of use in each is different, and that has limits as in the use of knives, or coats. Ones can be forced to do the work of tens, but the ones will not naturally be put to that use; and if the ones are forced into an unnatural use, the tens heaping up in the reservoir will practically measure the violence. If ones and twos are crowded into the space occupied by silver dollars, the silver dollars will accumulate and go into the form of silver certificates, which in their turn will exclude the National bank note from circulation and the gold certificate from the Custom-house. If it were desired to promote the circulation of a silver certificate of a given denomination without reference to the primary fact of public convenience it could be accomplished only by shouldering out from concurrent circulation the same denomination of National bank notes, of United States notes, and of gold certificates. The law is general. It holds as well in respect to any given group of denominations. The whole volume of any particular kind of currency (for instance, silver certificates) consists of some group of denominations.

These are tedious explanations, but every practised eye will see their import. The operations of the United States Treasury under existing laws can with difficulty be prevented from forcing the Government in its relations with the people and National banks to a silver basis.

Forcing the silver and silver certificate *circulation* by too large pay-

ment therewith of interest-bearing or other debt would exclude the gold circulation and precipitate a silver basis.

Forcing the silver *accumulation* is an addition of \$24,000,000 per annum to the vast sum of our Federal Taxation.

Forced silver circulation, forced silver accumulation, these are the alternatives to which silver coinage has brought us, now.

But the term when a choice will remain possible between these bad alternatives, silver storage or a silver basis is narrowing.

Reduction of superfluous taxation, unless the reduction shall include the \$24,000,000 spent for silver; reduction of the surplus, if silver debt-payments shall surcharge the circulation; will drive us over the ruinous fall from a silver storage to a silver basis.

With respect to the silver dollars in the Treasury, the Secretary answers besides what is elsewhere said, that by careful management, so as neither to contract the currency nor to force a silver basis, these silver dollars might all, in time, be applied to withdraw and cancel the United States notes which are "other dues of the Government" now payable. But my power to do so is left in doubt by the Act of May 31, 1878. I therefore suggested its repeal in order to provide a larger use for silver. Such a substitution of silver and silver certificates for United States notes, in the circulation, is practicable in time and with care, without the hazard of a silver basis. But to force a surplus silver circulation by too large funded-debt payments therewith, is not possible without the hazard of a silver basis, as I have above shown in explaining the illegitimate influence of the Treasury upon the circulation under present laws. An economy, vastly greater in dollars and cents, is otherwise possible.

The amount of the interest-bearing debt now (February 3, 1886) subject to call is the unpaid residue of the 3 per cent. loan of July 12, 1882, viz., \$174,092,100.

No other part of the public debt is subject to call at the option of the United States before September 1, 1891, except the United States notes, to the payment of which in coin or its equivalent (besides the redemption which has been kept up since 1878) the faith of the United States was solemnly pledged in the Act of March 18, 1869. The amount of these notes now outstanding is \$346,681,016.

The aggregate of public debt now subject to call is, therefore, \$520,773,116.

Reducing this amount of \$521,000,000 by the \$100,000,000 reserve fund and the surplus on hand, and it is obvious, from the subjoined table, that both the interest-bearing debt and the non-interest-bearing debt together will not afford material for a debt reduction during the period from March 4, 1886, to September 1, 1891, five and a half years, at a rate equaling the debt reduction of the last two Presidential terms.

A reform of the currency coupled with the payment of the two sums now alone payable at the option of the United States prior to September, 1891, would constitute a financial achievement outvaluing any other which has heretofore been attempted within such a period of time.

By undertaking that reform of the currency, by slightly deferring payment of the 3 per cents., and by a reduction of the annual interest-charge on the 4½ and 4 per cents., the Funded Loans of 1891 and 1907, (say \$988,000,000) which such a currency reform would make feasible, we might pay and cancel every United States note before 1889, the close of the first century under the present Constitution, and yet very largely reduce also the present annual burden of taxation.

	March 1, 1877.	March 1, 1878.	March 1, 1885.	February 1, 1886.
Principal.....	\$2,195,658,332.11	\$2,191,900,384.90	\$1,880,367,918.93	\$1,837,438,577.03
Interest.....	26,954,456.42	22,700,666.03	10,021,988.66	8,485,100.44
Total debt.....	2,222,612,788.53	2,214,601,050.93	1,890,389,907.59	1,845,923,686.47
Cash in Treasury.....	131,831,645.49	172,563,921.85	484,460,557.41	498,986,832.13
Debt, less cash..	2,088,781,143.04	2,042,037,129.08	1,405,923,350.18	1,340,214,880.78
Reduction in debt from March 1, 1877.			682,857,792.86	748,566,262.26
Reduction in interest- charge from do....			47,389,588.90	47,389,314.90

Were the currency, with such careful regard to the needful conditions, that are named in my Annual Report, so reformed that the receipts and outgoes of the Treasury should consist (instead of six or seven different sorts of currency) only of coin and its corresponding certificates, it is clear that the surplus, which (Act of March 3, 1881) the Secretary is now to apply, "as he may consider proper, to the purchase or redemption of United States bonds," could always be so cut down and would never need to be left distended, beyond an easy working balance.

Were that whole beneficent reform of the currency attained, which the country now justly anticipates from the wisdom and statesmanship of the 49th Congress, our annual taxation could be reduced \$24,000,000 at a stroke, yet more silver be coined in due time, and at the old price, as I will presently ask leave to show.

To that very plausible but partial view of the duty and policy by law enjoined upon the Secretary, which is intimated in the resolutions, the main objection is, that it abandons all hope of bimetalism, and of raising silver to its old ratio to gold, and invites silver monometallism with gold expelled and the present fall in silver perpetuated.

But it is a view to which there are three answers in our statutes, either one decisive—the first, found in the group of laws on silver since 1875; the second, found in the earlier law of 1873; the third, found in the Coinage laws from 1792 to 1886, and in their coin monetary unit kept inviolable.

I pass over the answer that executive officers may look only to the Constitution and Laws. I pass over "concurrent resolutions" which are not statutes. And I remark:

(1) The silver legislative acts from 1876 to 1884 all imply, or declare the object pursued in them to be "a common ratio between gold and silver, for the purpose of establishing internationally the use of bimetallic money and securing fixity of value between those metals."

This fact, that a bimetallic unit of value was the avowed object of all the silver legislation, is itself decisive. It is not in the least altered by the fact which I regret to learn from a recent Minority Report of your Coinage Committee, that there are any, who now hopelessly abandon bimetalism in behalf of silver monometallism, and who abandon also the bimetallic unit of value in 1870, in behalf of a coin not then or ever the only embodiment of that unit, nor now its embodiment, and now fallen in value.

Although the number of grains in the silver dollar piece of 1792 to 1873 is, indeed, identical with the number in the silver dollar piece of the law of 1878, the latter is practically a subsidiary silver coin with the ten-dollar legal-tender limit removed. The 1792-1870-1873 silver dollar piece was a quite different thing. It was but one embodiment of the Monetary Unit, which unit had free coinage in both metals as legal-

tender money to any amount. Free coinage and full legal tender have been the two concomitants of our monetary unit, called Dollar, from 1792 till now. Without them both a Monetary Unit is inconceivable.

The Monetary Unit of the United States from 1792 to 1873 was embodied in coins both of gold and silver, but in neither exclusively. The essential circumstance during that period was not the weight (371.25 grains) of the pure silver contained in the silver dollar and its divisions (two halves, four quarters, ten dimes, etc.), nor the weight of the pure gold contained in its multiples (eagles, half-eagles, quarter-eagles), nor yet was it the essential circumstance (Section 11, Act of 1792) "that the proportional value of gold to silver in all coins, which shall by law be current as money in the United States, shall be as fifteen to one, according to [equal] quantity in weight . . . for the proportion was changed in the law of 1834. The essential circumstance was the *equality* sought (first by the ratio 15 : 1, then by the ratio 16 : 1) between the coin embodiments of the Monetary Unit in the two metals, silver and gold, with free coinage of both into coins of full legal tender as Dollars.

The system was Bimetallism, the very definition of which is, free coinage for both metals into coins of full tender in payment of the legal unit of value, and includes a ratio of weights such that the unit coined in either metal is equivalent to that unit coined in the other metal.

What the "Dollar of the Fathers" was, what the dollar of 1870 was, as a legal proposition, cannot be stated in terms of the weight of the silver dollar, nor in terms of the weight of the gold dollar; it must include the essence of that dollar—the *equality* of value fixed in both.

Noting these facts and the fact that the law of 1878 was an illogical compromise—which had none of the merit and effect that a Free Coinage Act (at the right ratio) might then have had, and which limited its risk by destroying its value and creating a certain danger—the important point is that its expressed purpose was bimetallism and a bimetallic unit of value, not silver monometallism and a silver unit of value. It sought to restore the old value to silver, not to profit by its fall.

Again, the law of 1878 was urged to promote specie payments. It was specie against paper; but specie in two kinds, not one only, and with some hope of their equivalence. A recent argument that it made specie payments possible has this defect. The United States notes have not yet been paid in specie; and the redemption of them, which is the only part of our promise in 1869 as yet performed, was reached and is maintained at the gold standard.

An avowal of forced accumulation, or forced circulation of silver, as the object of the promoters of the law of 1878 would have been fatal to its enactment. Nor would either have been possible under the Free Coinage law as first passed by the House of Representatives. It is because forced silver coinage has brought us to the alternatives—silver storage or a silver basis, that the policy of paying debt with the silver surplus finds advocates among those who have not perceived how it practically elects the worse alternative.

No such objects were avowed in 1878 because no such consequences were foreseen. The interesting fact now to be recognized is that the law of 1878 was a totally unprecedented monetary contrivance. The real object of most of those who voted its passage was more than defensible. The actual method is quite indefensible. But its consequences were not all foreseen. History nowhere affords their precedent or

example. Like the laws of Germany of 1871-1873, our law of 1878 has given a very costly instruction to statesmen upon the subject of money. Treasury purchases of silver for fractional coin, if disparaged, are a necessity. For coinage of a full legal-tender metal they are either unnecessary or improperly profitable.

(2) The Revised Statutes and Statutes at large direct the issue and prescribe the more or less limited uses of several kinds of currency. To but one do they assign the office of a standard. They christened the unit of all these currencies and of our money of account with the name—Dollar. To but one dollar do they assign the function of a unit of value.

The law of February 12th, 1873, sec. 14 (R. S., 3511), read as follows: "The gold coins of the United States shall be a one-dollar piece, which, at the standard weight of twenty-five and eight-tenths grains shall be *the unit of value*. . . ."

Thus the gold dollar, circulating amid all other dollars, then existing or thereafter to be issued, whatever their substance, description, or kind "shall be the unit of value." The law is unrepealed and unmodified. No other statute of the United States now in force refers to that office, used the phrase, or names the thing. The function of the gold dollar as the unit of value is therefore unqualified and unquestionable. Its office as a unit of value was once shared with fifteen times, afterwards with sixteen times its weight of silver. Its employment in that behalf is now unshared and sole. Its value is the unit of value, its measure is made the only measure. To that measure every other dollar must conform, while other dollars exist and this law of Congress stands. The simplicity of the language makes definition itself difficult, but dispute impossible. It has made my duty clear.

In reply, therefore, to the summons of the House, mindful of that duty and my oath, I respectfully answer that while the law remains what it is, I shall endeavor in the future as I have endeavored in the past to conform my official acts to the letter and spirit of its plain requirements, and to so exercise every discretionary power with which it is the pleasure of Congress that my office be vested over the contents, the outgoes and the surplus of the Treasury, as to maintain every other dollar of their creation in such use and circulation as consists with the preservation of their practical commercial parity with the gold dollar, testing that equality exclusively by the sole "unit of value."

(3) The earlier history of the coinage and currency laws of Congress from 1792 to 1878 strikingly confirms this view of the present obligation of laws now in force. The history of the coinage laws is given in my Annual Report with some detail, to which I beg to make reference. Congress has loyally striven to keep the coins' equivalent down through every bimetallic or monometallic unit of value. There are few such impressive facts in any other legislative history, and I have ventured to observe "that it is for us to pass on unimpaired this high tradition of financial integrity. But of justice as of liberty, eternal vigilance is the price." The price is always exacted. We cannot live upon the vigilance of our forefathers. It was a wise statesman who said: "The advance of society depends upon the constant exertions of good men; whenever they abandon those exertions, it drops back like lead."

It is because the policy set forth in these resolutions in which your honorable body has required my opinion, would seem to break our high tradition of financial integrity, that I have felt obliged to recur to the one blot in our monetary history which is now inviting a companion blot. We cannot escape its discussion. I fear that a reform of the currency will be impossible until your debates have shown the pres-

ent generation of our fellow-countrymen why post-redemption issues and reissues of United States notes, and the coinage of depreciated dollars from the Treasury purchases of silver, are kindred errors which hinder return to our former and normal condition, namely, open mints for any amount of both metals.

May we not do well to come together after our bitter experience, as the fathers of the Republic came together at the founding of this Government, after their far more bitter experience of a disordered currency, and build on the corner-stone of justice established in the Constitution and maintained with perfect integrity in every other act of Congress from 1792 to 1886.

While the conditions of free coinage of any metal are perfectly simple, if that metal alone shall furnish the unit of value, they are complex if two metals are to furnish it. The unit is one thing, the metals are two, and require the fixing by law of their ratio of weights—that is to say, how many kilograms of silver shall be held equivalent to one kilogram of gold.

Equivalence in its two coin embodiments is the essence of a bimetallic unit of value. For the *dollar* of either coin is to be the one thing—the unit of value. But control of the value of either metal as measured by the other, or of both metals as measured by all other exchangeable things, is now, at least, totally out of the reach of any one nation. It is a baseless delusion that the United States can “dictate the value of silver and gold.” (Minority Report of Coinage Committee, pp. 3, 4, 8.) Moreover, there is neither real nor apparent inconsistency between the opinion of the foremost champion of bimetallism, the distinguished M. Cernuschi, that before silver had fallen, France alone, by keeping open mints for German silver, could have prevented its fall; and his present opinion that all the gold would emigrate from France, or from the United States, if, single handed, now, after the fall to 20 to 1 has occurred, either nation were to reopen her mints to the free coinage of silver, as of gold, at the former ratio of 15.5 to 1, or 16 to 1. As to the latter opinion, argued with scientific precision, and offered with disinterested zeal in behalf of international bimetallism, by M. Cernuschi, to public consideration in the two great Republics, it is an opinion accepted and endorsed by all the experienced business men and instructed economists from all parts of the country, with whom my official duties have brought me in relation.

It is now become plain, to all who take comprehensive and practical views of public policy, that the United States can do no better than return at the earliest possible date to a bimetallic unit of value. By this I mean—

1. The monetary unit embodied in coins both of silver and of gold.
2. The monetary unit of value embodied in the silver coin to be made and kept in that successive and simultaneous equivalence with the present and prior unit of value which has been our honorable distinction ever since the Constitution was framed.
3. Open mints, for the free coinage of gold and silver at a fixed ratio, to every citizen of the United States bringing either metal, and the right to have his coins received in every sale and payment as full legal-tender dollars.

Nothing less than this is bimetallism. It is not bimetallism that we are having now. All our silver coinage is but excessive subsidiary coinage of Treasury purchases of silver for a fictitious Treasury profit. We lack an indispensable part of bimetallism. We lack the free coinage of everybody's silver, to an amount unlimited by Government, into coins of full legal tender. We only maintain a free coinage for every-

body's gold, to an amount unlimited by Government, into coins of full legal tender.

It is the facts of our present situation, I would respectfully reassert, that constrain us toward bimetallism as our goal.

Our \$550,000,000 coined gold, our \$220,000,000 coined silver, now make any policy save ultimate bimetallism for the United States, practically and politically a Utopian policy.

Stopping the coinage of Treasury purchases of silver is not a policy in which we can rest and be thankful. It is merely the first and indispensable step to ultimate bimetallism. It is also the only step to ultimate bimetallism. No intelligent expert on either side the Atlantic has proposed or attempted to defend any other step to ultimate bimetallism.

It is a wise step in the interest of industries jeopardized by doubt, to end the increasing risk of expelling our gold. But it is a step necessary in the interest of silver owners, because continued silver-dollar coinage, after long trial, neither betters the price of silver nor narrows its fluctuations, and tends to prevent, rather than promote, that international concert which, by restoring open mints for silver in three or more great commercial nations, can alone restore its price. No mint in the world which gives free coinage to gold now gives free coinage to silver. Except our own, no mint in the world which gives free coinage to gold now coins full legal-tender silver. We alone heap up the load. The sure outcome is silver monometallism for us. Meanwhile, what good has eight years of it done the silver owners? Not a dollar of their coin or bullion crosses the sea and there brings its former price. But silver monometallism in the United States will not restore silver to its old price any more than the silver monometallism of India, China and Mexico do. It will not even tend to restore silver to its old price, and so is condemned as an incapable, unprofitable monetary policy. In that respect, it is worse than our present limited coinage of Treasury purchases, prior to the day of their outcome in silver monometallism. It is even worse for the ultimate price of silver than if we stopped such coinage and held on so, indefinitely. The reason is plain. Silver monometallism in the United States, in due time, and finally, will release to Europe the bulk of our \$550,000,000 gold, and assist every once bimetallic nation there to follow Great Britain and the Scandinavian States in becoming and remaining a gold monometallic nation, with but token silver for small change.

Silver monometallism in the United States, in due time, and finally, will release the depreciated full legal-tender silver of European bimetallic nations to compete with the product of our own mines for a passage through our mints. Assume that we could exclude it by stringent laws—though it is a strange assumption—foreign silver would distance ours in the race for the Orient, with which we trade mostly through Europe now, and with which we have so little trade, but Europe so much.

The transfer and exchange of a part of Europe's silver stock for the bulk of the United States gold stock might be indirect in part, but it would be unavoidable. The open mint for silver in France was all that Germany used or needed to effect the substitution of her silver for the gold of France. That is what silver monometallism in the United States would at last come to, undeniably—the exchange of European silver against American gold; and that could not raise the ratio of silver to its old level, but would fasten it down finally.

Even were this indirect but ultimate exchange of our gold for European silver hindered by any present tendency of coin balances to con-

tinue in our favor, it is still but an affair of time. There are other arguments, too complex to be met incidentally; but, whatever their force, the disuse of gold by the United States would be compensated by its increased use in Europe, and thus prevent its loss of purchasing power. So our increased use of silver, tending to enhance its purchasing power, would be countervailed without benefit to the United States by its diminished use in European nations, thus preventing its gain of purchasing power, whether their legal-tender silver stocks were drained off to the West or East. The bimetallic theory of an ever balancing approximation of the two metals to a fixed ratio, whatever the variations in the natural increase from mines of either metal, has no application to the case of substitution here supposed, any more than it had to the substitution which Germany effected at the expense of France. The emigration of our gold to Europe would not restore the price of silver.

There is one way, and only one, by which silver can be restored to its old ratio and value, namely, an international concert upon a common ratio with open mints to both metals at that ratio.

A concert of European powers without the concurrence of the United States is impossible, for this reason. The ratio to gold at which most of the European silver stocks have been coined is 15.5:1. Our ratio is 16:1. A merely European concert of nations would make profitable the export of all our silver, and we should be drained of the metal as we were, by the same difference of ratios, from 1834 onward, when our loss induced in 1853 our first subsidiary coinage of fractional silver.

A concert of the European powers, together with the United States, until we stop coining silver, is impossible for the same and another reason. It is impossible while ratios differ, and while we persist in that which is not only different, but which would drain us of all except fractional silver, and inundate them with our coined \$220,000,000 and whole future annual product. But, moreover, the step is one which no European nation, now loaded with a depreciated but full-tender silver coinage, will consent to take while the direct or indirect substitution of European silver for United States gold seems a possibility, even a remote one. It is perceived to be a near possibility under the continuing operation of our present laws, by those who control, with firm hands, the monetary policy of foreign powers.

So long as we do not stop, and stop unconditionally, our coinage of full legal-tender silver, we cannot destroy foreign hopes of enlarging their stock of gold at our expense, but I am equally well assured that when we do stop, and stop unconditionally, and destroy such hopes, such an international concert as I have described will then become possible. The situation of bimetallic European nations will then be no better than ours, and, for the first time since the fall in value of their full legal-tender silver, will offer no other remedy or outcome than an agreement, with suitable precautions, upon open mints at a fixed and common ratio, to which the assent of the United States would be indispensable.

At the root of some of the opposition to the policy of ultimate bimetalism for the United States on the part of those who prefer the single gold standard, is the idea that there is now too much silver for the old price. This idea seems to me to have less support than most of the dogmatic assertions which are equally beyond proof or disproof. Diminished use must be reckoned with, even by those who believe that currencies are like commodities in being absorbed away by concessions in price. But if it be a sound opinion that there is none too much monetary metal in the joined gold and silver stocks of the world, then



the apparent excess of silver now is an illusion. And who can doubt that if silver were to-day restored to its old ratio, the apparent glut of the metal alongside the gold currencies of Europe and the United States would immediately disappear. The \$220,000,000 of our own full legal-tender silver, if recoined at the same ratio as the vastly larger and controlling stocks of silver in Europe, might vanish like the full fourth of our \$550,000,000 gold coin, which fourth we cannot track or find, and yet have coined and counted, but have not seen depart, and so ascribe it in our tables to "other banks and private hands."

I distrust the very definite figures upon these subjects which are so commonly employed, and with so much confidence. For I concur with the late Mr. Bagehot in the impression that most of them are not worth the paper they are printed on. But we certainly know that from all the silver mines of the world we have had no such outpour as the gold of California and Australia. We certainly know that the mints of France remained open at an unchanged ratio to both metals through all that golden inundation. We also know that the level of price of the hundred commodities of man's chief use has now returned from its highest range in 1871, the date of the first German law, to the range of 1845-50, before that vast increase in the stock of gold began which makes the recent increase in the stock of silver look so insignificant—an increase moreover, which has been concurrent with a diminishing gold product.

A consideration of these larger facts, and the still more controlling one to which I have already referred, that man's inventions and industries are hammering down the prices of all the products of man's labor, may well give us composure and confidence in joining with other nations to open our mints at a common ratio to both metals. But international concert we can never have, except by stopping our present coinage, and stopping it unconditionally.

A delusion has spread that the Government has authority to fix the amount of the people's currency, and the power and the duty. There is no semblance of such an absurdity in the Constitution, as the power granted to any department or division of this Government to determine, fix or change, the amount of money needed to satisfy the people's need for an instrument of circulation and exchange. There can be too much or too little. They do not need to convert all of their wealth, not even all of their gold and silver wealth, into a medium for circulating that wealth. They do not need to apportion some of their wealth to that use, whatever economies, from the Clearing-house to the book-account they may practice; whatever substitutes, like the bill of exchange, notes, etc., or whatever representatives, like the coin certificate, they may employ. But between these extremes the Government is as incompetent to draw the line as unempowered. The people of the United States, however, can draw the line with perfect success. They can decide how much currency they will employ, as they decide how many pounds of beef they will consume daily—namely, by letting every one provide his own. Providing a unit of value, to which every coin of the people's use must be conformed is the maintaining of justice. Insuring that conformity by public mint coinage is necessary. But to say how many such units the people shall have and employ, or how many representatives of their unit, is no less absurd than to say how many bargains they shall make and how many exchanges. There is a constant tendency in all Governments to widen their authority and enlarge their business. We shall be most faithful to the people's service by suffering no encroachment upon the people's liberties.

The immense superiority of the precious metals as a kind and amount

of wealth suited to be the standard measure of all wealth, appears, first, in this, that it is an amount not to be varied by legislative wisdom; second, that it is an amount not to be considerably varied by any single generation of men. For that, the annual increment is too small in proportion to the total mass, already huge, which slowly grows from age to age. That total mass, by its hugeness, its invariableness, its indestructibility, is a miracle among measures. Standing over against the vast aggregate of human commodities mostly perishable, which sinks and swells with seed-time and harvest as the seasons change, and of which the unconsumed and more or less imperishable part is so small, the monetary metals of the world are the most trustworthy attainable measure of value.

Whatever doctrine of money we accept, and whether or not we ascribe the fall of silver to the glut, or the glut to the fall, or both to diminished use, nobody will dispute that a larger use can be provided for silver, by mere laws and treaties effecting the total or partial disuse, say in Europe and America, of the smaller gold coins. The larger gold coins would suffice for foreign trade. The very distinguished financier and statesman, Von Dechend, who is at the head of the Imperial Bank of Germany, has demonstrated that the calling in of gold coins below the value of twenty marks would provide a place which all the surplus thalers of the Empire and all the surplus five-franc pieces of Europe are not enough to fill.

Were our own United States notes all paid and cancelled; were our own currency to consist, as I wish it might, exclusively of such gold coins, and silver for all smaller sums, with only actual representative coin certificates, to any amounts required, in all denominations, from one dollar upward, the United States would be able to join in such a preparation of a vacuum for silver. It is believed that such concerted preparation would itself leave little for an international agreement upon open mints at a common ratio, to do, in order to raise the coined silver stocks of the world, thus provided with a larger use, to the level of the old ratio.

But it is useless to discuss the methods of restoring bimetallism until your honorable body shall determine to stop the coinage and place that indispensable condition of negotiation in the hands of those who must execute your will.

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### POSTAL SAVINGS BANKS.

The recent agitation of the subject of postal Savings banks is deserving of attention. It is alleged, as a reason for their creation, that the Government would be providing, through the various post offices of the country, at a small expense, places easily accessible for the safe accumulation of the surplus earnings of the poor. At one time a theory was advanced in this connection that the Government would thereby be put in possession of funds at a low rate of interest, but its credit is such that this view is not now advocated.

The plan proposed would make the average postmaster a financial agent for the Government. It would involve considerable expense for pass-books and other stationery. Losses would occur, both through the dishonesty of agents and the frauds of dealers. In all sections of the country where the population is dense there are various organizations, such as building and loan associations, and the like, while in those portions where the people are scattered there is always a pressing demand for money, and to all those who in such localities can obtain as

high as seven or eight per cent., the investment with the Government at the only rate it can afford to pay, viz., two per cent., is not desirable. It is reasonable to believe that Savings institutions have not been established in certain portions of our country because there is no demand for them.

Local deposits would be more advantageously used for the benefit of a locality than if deposited in postal Savings banks, where it would remain like money invested in Government bonds—at the present time dormant. When deposited in State Savings banks, the money is at once loaned or invested, and business enterprises are promoted. Those who receive it necessarily use it in paying their employees, as well as in other ways, and by such employees it is to some extent re-deposited in the Savings banks to be loaned again, and thus the money becomes a ceaseless current, invigorating channels of trade and industry. Nowhere in the world are Savings bank methods so well understood and appreciated as here.

It is true that the postal Savings banks have met with success in Great Britain, where the population is compact, and it is in accordance with the paternal doctrines of that Government that the possessions of the people shall be as much as possible under the control of the ruling power; but this is contrary to the theory underlying our political and social system.

There have been but two kinds of Savings institutions in that country: one old, the trustee system, the other new, the postal. In the old form, Savings banks are usually governed by trustees and managers, at first elected by the founders, and duly registered in the office of the National Debt Commissioners. Such trustees or managers receive no salary or benefit whatever from the bank they administer. Moneys deposited in Savings banks are invested to the credit of the Commissioners for the reduction of the National debt, in the Bank of England or Bank of Ireland exclusively. Trustees are empowered to make their investments with the Commissioners in sums not less than £50, after notice signed by two trustees, and to retain in their hands such sums only as may from time to time be required, to meet withdrawals and other exigencies. The Commissioners are empowered to invest the moneys paid to their account either in bank annuities or in exchequer bills.

In the new form the Government receives the deposits through its own officials, invests them in the consolidated debt, and agrees to pay two and one-half per cent. interest. The new system has entirely taken the place of the old, and the aggregate amount deposited in the latter is only \$225,000,000, and is not increasing. Our method is evidently preferable to either of the English systems.

A pertinent illustration of the possible result of an attempt to introduce a Savings bank system of a Governmental, or *quasi* Governmental character in this country may be found in the history of the "Freedmen's Savings and Trust Company," which was created by Federal law, March 3, 1865, with authority to establish branches. The following May the headquarters were located in New York, and numerous auxiliaries, most of which, presided over by commissioned and uniformed officers, were instituted more especially throughout the southern States. The pass-books contained this statement: "The Government of the United States has made this bank perfectly safe." Undoubtedly Congress was derelict in exercising no supervision over its affairs during an existence of nine years, and when such action was taken the defalcations could not be remedied. The report of the commissioners appointed by Congress to make an investigation contains, among other

statements, the following: "A more perverted arrangement could scarcely have been devised by human ingenuity if the design had been specially directed to obscure the transactions of the institutions."

The liabilities of the concern at the time of its failure were over \$3,037,560, payable to sixty-two thousand two hundred and forty-two claimants. The Government, by purchasing the building owned by the bank, at a high price, and in other ways, has aided in increasing the assets, but the last and final dividend declared makes the total payments to its creditors only sixty-two per cent.

The Comptroller of the Currency has repeatedly recommended that Congress should make provision for the payment of the thirty-eight per cent. still due depositors. In his last report he says that from the gradual diminution of the amount called for on account of dividends declared, it is estimated that the sum of \$950,000 would cover the difference between the amount paid and the amount to which the creditors likely to call for the same were entitled at the time of the failure. In conclusion, he says: "There never was but one Freedmen's Bank. There never will be another." A bill appropriating \$1,000,000, or so much thereof as may be necessary, has already been introduced in the House of Representatives to accomplish such a result. On no theory can the bill be sustained, unless the Government was virtually responsible for the management of this institution. If the effect of this failure will prevent the establishment of postal Savings banks, as it ought, there will be some compensation for the lamentable result.—*Ex. from Report of Willis S. Paine, Superintendent of the Banking Department of New York, relative to Savings Banks.*

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## DEPOSITS IN NATIONAL BANKS.

The following act to provide for the security of Deposits in National Banks is now before Congress.

SECTION 1.—In lieu of all existing taxes every National Banking association shall pay to the Treasurer of the United States, in the months of January and July of each year, a duty of one-half mill on the dollar upon their average monthly deposits, said fund to be kept by the Treasurer of the United States as a separate and distinct fund, to be known as the Guarantee Deposit Fund.

SEC. 2.—In order to enable the Treasurer to assess the duties imposed by the preceding section, each association shall within ten days from the first days of January and July of each year, make a return under the oath of its president or cashier, to the Treasurer of the United States, in such form as the Treasurer may prescribe, of the average amount of its deposits for the six months preceding the most recent first day of January or July. Every association which fails to so make such return shall be liable to a fine of two hundred dollars, to be collected in the manner prescribed for collecting penalties of such corporations under the laws of the United States.

SEC. 3.—That whenever said Guarantee Fund thus collected shall amount to as much as twenty millions of dollars at the end of any semi-annual period, then the semi-annual duty on deposits shall be inoperative until the fund shall be reduced below fifteen millions of dollars, as hereinafter provided.

SEC. 4.—That the amount of said fund in excess of one million of dol-

lars may from time be invested in the interest-bearing bonds of the United States, under the direction of the Secretary of the Treasury, which bonds shall be registered in the name of the Comptroller of the Currency in trust for the Guarantee Deposit Fund, and held by the Treasurer of the United States. The interest on said bonds as it accrues and is paid shall be added to the principal of said fund.

SEC. 5.—Whenever any National Banking association shall be placed in the hands of a receiver, under the provisions of the laws now in force, and satisfactory proofs of claims against said association have been made to the Comptroller of the Currency wherein all cases of mutual indebtedness shall have been adjusted, upon his requisition therefor the Treasurer of the United States shall hold subject to his order such amount of the Guarantee Deposit Fund as may be necessary to liquidate and pay in full said claims according to the amount thereof as to the day of failure of said National Banking association, and it shall be the duty of the Comptroller of the Currency immediately to issue his checks upon said Treasurer in full settlement to and in favor of each of said claimants. In case the available cash in the Treasury belonging to such fund is not sufficient to pay in full the amount of said claims, then the Comptroller of the Currency shall transfer to the Treasurer of the United States a sufficient amount of bonds held by him in trust, for said fund as hereinbefore provided, which bonds said Treasurer shall sell in open market for the benefit of said fund.

SEC. 6.—The receiver of such banking association shall, under direction of the Comptroller of the Currency, take charge of its assets and collect same, as is now provided by law, which amount thus collected shall be paid into the Treasury, to the credit of the Guarantee Deposit fund, to the extent said fund may have been charged with the payment of the liabilities of said association; and nothing in this act shall be construed to relieve the shareholders of such association from any liability thereto existing by reason of the laws now in force, it being the meaning and intent of this act that all claims paid as herein provided shall be deemed to be assigned to the United States in trust for the benefit and use of said fund, and the United States shall be subrogated to all the rights and remedies of the original holders thereof.

SEC. 7.—The fund now in the Treasury available for the redemption of the circulating notes of any failed National banking association whose affairs have been finally closed, or which has been in the hands of the receiver for a period of five years, and the similar fund for the redemption of the circulating notes of any banking association which has been in voluntary liquidation for the same period, shall be paid to the credit of said Guarantee Deposit Fund; and, hereafter, after the expiration of five years after the appointment of a receiver, or the vote of its shareholders to go into voluntary liquidation of any National banking association, the fund available for the redemption of the circulating notes of such National banking association, shall also be paid into the Treasury to the credit of said Guarantee Deposit Fund, which fund shall be chargeable with the circulating notes of any such National banking association that may thereafter be presented for redemption.

SEC. 8.—The Comptroller of the Currency shall annually publish an itemized statement of the receipts and disbursements of said Guarantee Deposit Fund, a copy of which shall be furnished to each National bank, the cost of said report to be paid for out of Guarantee Deposit Fund.

SEC. 9.—In case of the repeal of this act at any future time, the funds then belonging to said Guarantee Deposit Fund shall be paid back to

the National banking associations as each one's interest therein shall appear.

SEC. 10.—Sections 5,214 and 5,215 of the Revised Statutes, and all other acts or parts of acts inconsistent with the provisions of this act are hereby repealed.

SEC. 11.—This act shall take effect and be in force from and after its passage.

## DUTY OF DEPOSITOR TO EXAMINE HIS PASS BOOK AFTER ITS RETURN FROM THE BANK.

UNITED STATES SUPREME COURT.

*The Leather Manufacturers' National Bank v. Morgan.*

1. Where a duty is cast upon a person, by the usages of business or otherwise, to disclose the truth—while he has the means by ordinary diligence of ascertaining—and he neglects or omits to discharge that duty, whereby another is misled in the very transaction to which the duty relates, he will not be permitted, to the injury of the one misled, to question the construction rationally placed by the latter upon his conduct thus:

2. When a party to a stated account is under a duty, from the usages of business or otherwise, to examine it within a reasonable time after having an opportunity to do so, and to give timely notice of his objections thereto, and neglects or omits altogether to make such examination, or to have it made by another for him; by reason of which negligence or omission the other party reasonably relied upon the account as having been acquiesced in or approved, and in consequence thereof failed to take steps for his protection, which he could and would have taken had such notice been given; he will be held to have ratified the account, and will be estopped to question its conclusiveness.

3. These principles applied in the present suit, where the main question is, whether a depositor was estopped by his conduct from falsifying his account as rendered by a bank, so far as it charged him with certain checks which he signed, but which, before being paid by the bank, were materially altered by his confidential clerk, without his knowledge or consent. Upon several occasions before the alterations were discovered by the depositor his pass-book was, at his request, written up, a balance struck, and the book returned with the checks as vouchers for the payments made by the bank. *Held*, That it was error to instruct the jury that the depositor was under no duty whatever to the bank to examine his account, so rendered, in order to ascertain whether it contained errors to his prejudice.

4. While the examination need not be so thorough as to exclude the possibility of any error whatever being overlooked, the depositor must himself or by a competent agent acting in good faith for him, exercise, at least, such care and diligence as is required by all the circumstances of the case, including the relations of the parties, and the known or established usages of banking business. Neglect to discharge that duty—the officers of the bank not being themselves chargeable with neglect—may preclude the depositor from disputing the correctness of the account after the lapse of a reasonable time within which it ought to have been examined and notice given of errors therein to his prejudice.

5. Where the alteration of the depositor's checks are made by his confidential clerk, who conceals the facts from him, the depositor occupies no better position than he would have done, had no one been designated to examine his account—without, at least, showing that he exercised reasonable diligence in supervising the conduct of the agent while the latter was discharging the trust committed to him. In the absence of such supervision, the mere designation of an agent to discharge a duty resting primarily upon the principal, cannot be deemed the equivalent of performance by the latter.

6. Whether the depositor exercised that degree of care which the circumstances required, and whether the endorsement of a certain check could fairly be regarded as one in blank, or as importing a direction to place its proceeds to the credit of the depositor, were held in this case to be questions for the jury.

Mr. Justice HARLAN delivered the opinion of the Court.

The defendants in error, subjects of the Queen of Great Britain, and partners under the name of Ashburner & Co., brought this action to recover a balance alleged to be due on a deposit account opened at the Leather Manufacturers' National Bank of New York City, in the name of "Wm. B. Cooper, Junior, agent for Ashburner & Co." The main dispute is as to the right of the depositor to question the account rendered by the bank, so far as it charges him with certain checks which he signed, but which, before payment, were materially altered by his clerk, without his knowledge or assent. The claim of the plaintiffs is, that, after deducting all payments to them, or for their use, there was due to them, April 8, 1881, the sum of \$9,996.38, for which they ask judgment. They also ask judgment, upon a second cause of action, for the sum of \$280.97, the amount of a check which, it is contended, was endorsed specifically for deposit to the credit of their agent, and was not placed to his credit. The bank denies its liability upon either cause of action, except for the sum of \$141.91, which, it contends, is the entire balance due to the plaintiffs on March 22, 1881.

Numerous requests for instructions, on behalf of the bank, were denied; and under the order of the court, the jury returned a verdict, upon which judgment was entered, in favor of the plaintiffs for the sum of \$10,741.09. To this action of the court exception was duly taken, and the bank brings the case here for review.

The record contains a large amount of testimony, the details of which cannot well be embodied in this opinion; but the more important facts and circumstances which the evidence tended to establish, and upon which the decision of the case must turn, are those which will be now stated.

1. One Berlin entered the service of Cooper on the first day of January, 1878, when about seventeen years of age. He and his family were well known to his employer. From that date until March, 1881, as confidential clerk, he had the entire management of Cooper's office, kept his books, and had full charge of the account which Cooper, as agent of Ashburner & Co., kept with the defendant. With the knowledge and under the direction of Cooper he filled up all checks drawn upon that account, entering on the stub of the check-book the date and amount of each check, the name of the payee, and the purpose for which it was drawn. He states in his deposition that he was well known to the teller of the defendant bank, and as the representative of Mr. Cooper.

2. Pursuant to Cooper's instructions, or in the regular course of business, he filled up certain checks between September 11, 1880, and February 13, 1881, which, being signed by his employer and delivered to him, were altered by him before they were taken from the office. The alterations were made by erasure and by re-writing the body of the checks, and were made, he states, "with great care, and could not be detected without very careful scrutiny, or a very close examination." The teller of the bank testifies that the checks when presented by Berlin were always carefully examined by him as to signature, amount, date, and indorsement, and that there was nothing about them to excite suspicion, or to suggest alteration or erasure. Upon the checks so altered, Berlin received from the bank the "full raised amount," out of which he paid to Cooper, or to his use, the several amounts for which they were originally drawn, and appropriated the balance to the dis-

charge of gambling debts which he had contracted. The entries in the check-book were made by Berlin and were correct; but he "forced the footings of the stubs" by making false additions equal to the increase of the altered checks.

3. The numbers and dates of the altered checks and the nature of the several alterations are as follows:

<i>No. of Check.</i>	<i>Date of Check.</i>	<i>Character of Alteration.</i>
8356	September 11, 1880.	Check to cash or bearer, raised from \$90 to \$500.
8377	September 28, 1880.	Check to cash or bearer, raised from \$10 to \$400.
8424	October 30, 1880.	Check to cash or bearer, raised from \$105 to \$405.
8431	November 3, 1880.	Check to cash or bearer, raised from \$17.25 to \$600.25.
8468	November 26, 1880.	Check to cash or bearer, raised from \$10 to \$1,000.
8480	December 10, 1880.	Check to order of Marston & Son, raised from \$7.75 to \$700.25, and the words "or bearer" written in after payee's name.
8492	December 18, 1880.	Check to order of C. H. Clayton, raised from \$15 to \$1,500, and words "or bearer" written in after payee's name
8498	December 24, 1880.	Check to cash or bearer, raised from \$80 to \$600.
8501	December 28, 1880.	Check to order of W. S. Daland, raised from \$24.08 \$1,000, Daland's name erased, and that of Julius Brandies inserted, and words "or bearer" written in after payee's name.
8504	December 31, 1880.	Check to cash or bearer, raised from \$80 to \$400.
8508	January 5, 1881.	Check to cash or bearer, raised from \$10 to \$2,000.
8518	January 14, 1881.	Check to order of Charles G. Hanks, raised from \$33.60 to \$1,100, words "or bearer (duty)" written in after payee's name, and "14th" erased and "27th" written over it.
8550	February 13, 1881.	Check to order of William S. Daland, raised from \$17.72 to \$100.72, and words or "Clifford Berlin," written in after payee's name, and date changed to February "14."

4. Cooper's pass-book was written up at the bank October 7, 1880, November 19, 1880, and January 18, 1881, and a balance struck, showing to his credit on those dates, respectively, \$10,821.64, \$4,568.68, and \$5,566.61. Upon each occasion, the book was returned with all checks that had been paid subsequent to the previous balancing, including the altered checks. Across the face of the pass-book, on the first balancing, was written "62 vouchers returned;" on the second "79 vouchers returned;" and on the last "66 vouchers returned." Each time the pass-book was returned, with the vouchers, Berlin destroyed such of the checks in the lot as he had altered. He remembers to have shown the rest of the vouchers to Cooper on the balancing of October 7th, 1880, but does not remember of pursuing that course on the other occasions.

5. Berlin states that Cooper "was in the habit of examining his check-book from time to time." It is clear that the latter knew of these balancings; for, he testifies that his account with the bank "was balanced from time to time, which was done by the bank writing up the pass-book, and returning the checks that had been paid by it; that when the pass-book was so returned it went to the clerk, Berlin, who then balanced the check-book, that being one of the duties imposed upon him; that the witness took no part in such balancings, but Berlin generally showed him the vouchers that were returned, because he used to like to look at them; but he never gave Berlin any particular instructions so to do. That he was in the habit of looking over his check-book and



kept track of the balance, which, during the months of August, September, November and December, 1880, and January, 1881, he understood to be about \$10,000; and that, when he asked Berlin as to the balance, his answer agreed with about what he supposed was in the bank." He also knew the object of such balancings; for he testifies "that he had been a dealer with the defendant bank for upwards of eighteen years, and that he knew that it was its custom, as well as the custom of all banks, to balance at intervals the pass-books of its depositors, and to return the same when balanced, accompanied by the checks drawn by the depositor and charged to the account, as the vouchers of the bank for such payments."

6. Cooper states that the forgeries were discovered by him "about the first or second day of March, 1881." Berlin, having stayed away from the office for a day, he compared his pass-book with the stubs of the check-book, and ascertained that a certain number of checks, appearing on the stubs, were not charged against him in his pass-book, and did not appear to have been returned by the bank, while others, which appeared on the pass-book to have been charged against and returned to him, did not appear, by the stub of the check-book, to have ever been drawn. He "thereupon sent his pass-book to the bank to be balanced, and it was balanced on March 2, 1881; and among the vouchers then returned were the aforesaid checks 8518 and 8550, which had been altered from their original amounts." This, he states, was the first knowledge he had of the forgeries. After receiving the last balancing, he "then notified the bank that his clerk had absconded, and that alterations had taken place, and requested them not to pay any more of his checks, the bodies of which were filled up in the handwriting of his clerk Berlin." Whether this notification was given as soon as he saw those two checks, or on the same day, or after the expiration of several days, the record does not show.

7. Cooper admits that if, on any of the several balancings, he had made such examination of his check-book and pass-book as was done on March 1, 1881, he would have "easily discovered" that his account had been charged with altered checks, and that for the previous five or ten years he knew of various means adopted by bankers and merchants to prevent the raising or alteration of checks, but he had not employed or used any of them. Upon one occasion, the date not given, he discovered, by adding up the "footings of the check-book," an error, and spoke to Berlin about it. The latter having replied that it was very seldom he was caught in a mistake, Cooper believed him and looked no further into the matter.

Cooper did not surrender the altered checks, except 8,518 and 8550, because they had been destroyed by his clerk. The teller states that the latter one came through the Clearing-house, while the former was not, when paid, in the condition in which it appeared to be at the time of the trial. After the lapse of time and frequent handling, the alteration, he said, was now apparent.

It was upon this state of case, substantially, that the Circuit Court instructed the jury to find for the plaintiffs upon both causes of action.

The court below, as shown by its opinion, proceeded upon the ground that Cooper was under no duty whatever to the bank to examine his pass-book and the vouchers returned with it, in order to ascertain whether his account was correctly kept. For this reason, it is contended, the bank, even if without fault itself, has no legal cause of complaint, although it may have been misled to its prejudice by the failure of the depositor to give timely notice of the fact—which, by ordinary diligence, he might have discovered on the occasion of the sev-

eral balancings of the account—that the checks in question had been fraudulently altered. This view of his obligations does not seem to the court to be consistent with the relations of the parties, or with principles of justice.

While it is true that the relation of a bank and its depositor is one simply of debtor and creditor (*Phoenix Bank v. Risley*, 111 U. S., 125, 127), and that the depositor is not chargeable with any payments except such as are made in conformity with his orders, it is within common knowledge that the object of a pass-book is to inform the depositor from time to time of the condition of his account as it appears upon the books of the bank. It not only enables him to discover errors to his prejudice, but supplies evidence in his favor in the event of litigation or dispute with the bank. In this way it operates to protect him against the carelessness or fraud of the bank. The sending of his pass-book to be written up and returned with the vouchers, is, therefore, in effect, a demand to know what the bank claims to be the state of his account. And the return of the book, with the vouchers, is the answer to that demand, and, in effect, imports a request by the bank that the depositor will, in proper time examine the account so rendered, and either sanction or repudiate it. In *Devaynes v. Noble*, 1 Merivale, 531, 535, it appeared that the course of dealing between banker and customer, in London, was the subject of inquiry in the High Court of Chancery as early as 1815. The report of the master stated, among other things, that for the purpose of having the pass-book "made up by the bankers from their own books of account, the customer returns it to them from time to time as he thinks fit; and the proper entries being made by them up to the day on which it is left for that purpose, they deliver it again to the customer, who thereupon examines it, and if there appears any error or omission, brings or sends it back to be rectified; or, if not, his silence is regarded as an admission that the entries are correct." This report is quite as applicable to the existing usages of this country as it was to the usages of business in London at the time it was made. The depositor cannot, therefore, without injustice to the bank, omit all examination of his account, when thus rendered at his request. His failure to make it or to have it made, within a reasonable time after opportunity given for that purpose, is inconsistent with the object for which he obtains and uses a pass-book. It was observed in *First Nat. Bank, &c. v. Whitman*, 94 U. S., 346—although the observation was not, perhaps, necessary in the decision of the case—that the ordinary writing up of a bank-book, with a return of vouchers or statement of accounts, precludes no one from ascertaining the truth and claiming its benefit. Such, undoubtedly, is a correct statement of a general rule. It was made in a case where the account included a check in respect to which it was subsequently discovered that the name of the payee had been forged. But it did not appear that either the bank or the drawer of the check was guilty of negligence. The drawer was not presumed to know the signature of the payee; his examination of the account would not necessarily have disclosed the forgery of the payee's name; therefore, his failure to discover that fact sooner than he did was not to be attributed to want of care. Without impugning the general rule that an account rendered which has become an account stated, is open to correction for mistake or fraud (*Perkins v. Hart*, 11 Wheat. 256; *Wiggins v. Burkham*, 10 Wall., 132), other principles come into operation, where a party to a stated account, who is under a duty, from the usages of business or otherwise, to examine it within a reasonable time after having an opportunity to do so, and give timely notice of his objections thereto, neglects altogether to make such examination himself, or to have it

made, in good faith, by another for him; by reason of which negligence the other party, relying upon the account as having been acquiesced in or approved, has failed to take steps for his protection which he could and would have taken, had such notice been given. In other words, parties to a stated account may be estopped by their conduct from questioning its conclusiveness.

The doctrine of estoppel by conduct has been applied under a great diversity of circumstances. In the consideration of the question before us, aid will be derived from an examination of some of the cases in which it has been defined and applied. In *Morgan v. Railroad Company*, 96 U. S., 720, it was held that a party may not deny a state of things which, by his culpable silence or misrepresentations, he has led another to believe existed, if the latter has acted upon that belief. "The doctrine," the court said, "always presupposes error on one side and fault or fraud upon the other, and some defect of which it would be inequitable for the party against whom the doctrine is asserted to take advantage." In *Continental Nat. Bank v. Nat. Bank of the Commonwealth*, 50 N. Y., 583, it was held not to be always necessary to such an estoppel that there should be an intention, upon the part of the person making a declaration or doing an act, to mislead the one who is induced to rely upon it. "Indeed," said Folger, J., "it would limit the rule much within the reason of it if it were restricted to cases where there was an element of fraudulent purpose. In very many of the cases in which the rule has been applied, there was no more than negligence on the part of him who is estopped. And it has long been held that where it is a breach of good faith to allow the truth to be shown, there an admission will estop (*Gaylord v. Van Loan*, 15 Wend., 308)." The general doctrine, with proper limitations, was well expressed in *Freeman v. Cooke*, 2 Exch., 658, and in *Carr v. L. H. W. Co.*, L. R., 10 C. P., 307. In the first of those cases it was said by Parke, B., for the whole court, that "if, whatever a man's real intention may be, he so conducts himself that a reasonable man would take the representation to be true, and believe that it was meant that he should act upon it, and did act upon it as true, the party making the representation would be equally precluded from contesting its truth; and conduct, by negligence or omission, when there is a duty cast upon a person by usage of trade or otherwise to disclose the truth, may often have the same effect." And in the other case, Brett, J., speaking for the court, said: "If in the transaction itself which is in dispute, one has led another into the belief of a certain state of facts by conduct of culpable negligence, calculated to have that result, and such culpable negligence has been the proximate cause of leading, and has led the other to act by mistake upon such belief to his prejudice, the second cannot be heard afterwards, as against the first, to show that the state of facts referred to did not exist." See also *Man. & Traders' Bank v. Hazard*, 30 N. Y., 229; *Blair v. Wait*, 69 Id., 116; *McKenzie v. British Linen Co.*, 6 App. Cas., 101; *Miles v. McIlwraith*, 8 App. Cas., 133; *Cornish v. Abington*, 4 H. & N., 556.

Upon this doctrine, substantially, rests the decision in *Bank of U. S. v. Bank of Georgia*, 10 Wheat., 340, 343, where the question was as to the right of the Bank of Georgia to cancel a credit given to the Bank of the United States, in the general account the latter kept with the former, for the face value of certain bank notes purporting to be genuine notes of the Bank of Georgia, and which came to the hands of the other bank in the regular course of business and for value. The notes were received by the bank of Georgia as genuine, but being discovered nineteen days thereafter to be counterfeits, they were tendered back to the Bank of the United States, which refused to receive them. This

court held that the loss must fall on the Bank of Georgia. Mr. Justice Story, who delivered the opinion of the court, after observing that the notes were received and adopted by the Bank of Georgia as its genuine notes, and treated as cash, and that the bank must be presumed to use all reasonable care, by private marks and otherwise, to secure itself against forgeries and impositions, said: "Under such circumstances, the receipt by a bank of forged notes, purporting to be its own must be deemed an adoption of them. It has the means of knowing if they are genuine; if those means are not employed, it is certainly evidence of a neglect of that duty which the public have a right to require. And, in respect to persons equally innocent, where one is bound to know and act upon his knowledge, and the other has no means of knowledge, there seems to be no reason for burthening the latter with any loss in exoneration of the former. There is nothing unconscientious in retaining the sum received from the bank in payment of such notes, which its own acts have deliberately assumed to be genuine. If this doctrine be applicable to ordinary cases, it must apply with greater strength to cases where the forgery has not been detected until after a considerable lapse of time." "Even," he added, "in relation to forged bills of third persons received in payment of a debt, there has been a qualification engrafted on the general doctrine, that the notice and return must be within a reasonable time; and any neglect will absolve the payee from responsibility." It was, therefore, held that, as the Bank of Georgia could, by ordinary circumspection, have detected the fraud, it must account to its depositor according to the entry made in its books at the time of receiving the notes.

The same principle was recognized in *Cooke v. United States*, 91 U. S., 396. One of the questions there was as to the effect, on the rights of the Government, of the receipt by an Assistant Treasurer of the United States in New York of certain treasury notes, indorsed by the holders to the order of the Secretary of the Treasury for redemption in accordance with an Act of Congress, and which notes, when examined at the Treasury department, were ascertained to be forgeries, of which prompt notice was given. This court, speaking by the Chief Justice, said: "It is undoubtedly also true, as a general rule of commercial law, that when one accepts forged paper purporting to be his own, and pays it to a holder for value, he cannot recall the payment. The operative fact in this rule is the acceptance, or more properly, perhaps, the adoption of the paper as genuine by its apparent maker. . . . He must repudiate as soon as he *ought* to have discovered the forgery, otherwise he will be regarded as accepting the paper. Unnecessary delay under such circumstances is unreasonable; and unreasonable delay is negligence, which throws the burden of the loss upon him who is guilty of it, rather than upon one who is not." Again: "When, therefore, a party is entitled to something more than a mere inspection of the paper before he can be required to pass finally upon its character—as, for example, an examination of accounts or records kept by him for the purpose of verification—negligence sufficient to charge him with a loss cannot be claimed until this examination ought to be completed. If, in the ordinary course of business, this might have been done before payment, it ought to have been, and payment without it will have the effect of an acceptance and adoption. . . . What is reasonable must in every case depend upon circumstances; but until a reasonable time has, in fact, elapsed, the law will not impute negligence on account of delay."

This court, in the two cases last cited, refers, with approval to *Gloucester Bank v. Salem Bank*, 17 Mass., 42. In that case it appeared that the Salem Bank exchanged with the Gloucester Bank, for value,

certain bank notes which purported to be, and which both banks at the time believed to be, the genuine notes of the Gloucester Bank, and which the latter bank did not, until about fifty days after the exchange, discover to be forgeries. The question was whether the Salem Bank was bound to account for the value of the notes so ascertained to be counterfeit. Chief Justice Parker, speaking for the whole court, observed that the parties being equally innocent and ignorant, the loss should remain where the chance of business had placed it, and that in all such cases the just and sound principle of decision was, that, if the loss can be traced to the fault or negligence of either party, it should be fixed upon him. He said; "And the true rule is that the party receiving such notes must examine them as soon as he had opportunity, and return them immediately. If he does not, he is negligent; and negligence will defeat his right of action. This principle will apply in all cases where forged notes have been received; but certainly with more strength when the party receiving them is the one purporting to be bound to pay. For he knows better than any other, whether they are his notes or not; and if he pays them, or receives them in payment, and continues silent, after he has had sufficient opportunity to examine them, he should be considered as having adopted them as his own."

These cases are referred to for the purpose of showing some of the circumstances under which the courts, to promote the ends of justice, have sustained the general principle that, where a duty is cast upon a person, by the usages of business or otherwise, to disclose the truth—which he has the means, by ordinary diligence, of ascertaining—and he neglects or omits to discharge that duty, whereby another is misled in the very transaction to which the duty relates, he will not be permitted, to the injury of the one misled, to question the construction rationally placed by the latter upon his conduct. This principle commends itself to our judgment as both just and beneficent; for, as observed by the Supreme Court of Ohio in *Ellis & Morton v. Ohio Life Ins. & T. Co.*, 4 Ohio St. 667, while in the forum of conscience there may be a wide difference between intentional injuries and those arising from negligence, yet no man conducts himself "quite as absolutely in this world as though he was the only man it; and the very existence of society depends upon compelling everyone to pay a proper regard for the rights and interests of others. The law, therefore, proceeding upon the soundest principles of morality and public policy, has adapted a large number of its rules and remedies to the enforcement of this duty. In almost every department of active life rights are in this manner daily lost and acquired, and we know of no reason for making the commercial classes an exception."

Recurring to the facts of this case, there was evidence tending to show—we do not say beyond controversy—that Cooper failed to exercise that degree of care which, under all the circumstances, it was his duty to do; he knew of the custom of the defendant to balance the pass-books of its depositors and return their checks "as vouchers" for payments; yet he did not examine his pass-book and vouchers to see whether there were any errors in the account to his prejudice, and, therefore, he could give no notice of any. Of course, if the defendant's officers, before paying the altered checks, could by proper care and skill have detected the forgeries, then it cannot receive a credit for the amount of those checks, even if the depositor omitted all examination of his account. But if by such care and skill they could not have discovered the forgeries, then the only person unconnected with the forgeries who had the means of detecting them was Cooper himself. He admits that by such an examination as that of March, 1881, he could

easily have discovered them on the balancings of October 7, 1880, November 19, 1880, and January 18, 1881. If he had discovered that altered checks were embraced in the account, and failed to give due notice thereof to the bank, it could not be doubted that he would have been estopped to dispute the genuineness of the checks in the form in which they were paid; upon the principle stated by Lord Campbell in *Cairncross v. Lorimer*, 3 Macq., 827, 830, that "if a party has an interest to prevent an act being done, has full notice of its being done, and acquiesces in it, so as to induce a reasonable belief that he consents to it, and the position of others is altered by their giving credit to his sincerity, he has no more right to challenge the act to their prejudice than he would have had if it had been done by his previous license." This, however, could not be, if, as claimed, the depositor was under no obligation whatever to the bank to examine the account rendered at his instance, and notify it of errors therein in order that it might correct them, and, if necessary, take steps for its protection by compelling restitution by the forger. But if the evidence showed that the depositor intentionally remained silent, after discovering the forgeries in question, would the law conclusively presume that he had acquiesced in the account as rendered, and infer previous authority in the clerk to make the checks, and yet forbid the application of the same principle where the depositor was guilty of neglect of duty in failing to do that, in reference to the account, which he admits would have readily disclosed the same fraud? It seems to the court that the simple statement of this proposition suggests a negative answer to it.

There was, also, evidence tending to prove—we do not say conclusively—that the depositor gave, practically, no attention to the account rendered by the bank, except to that one rendered March 2, 1881; that very slight diligence would have disclosed the fact that the vouchers, which he knew to be in the possession of his clerk, were not all that the account upon its face showed had been returned; and that he intrusted the entire business to an inexperienced boy, in whose integrity he seemed to place implicit confidence, and of whose conduct he neglected to exercise that supervision which ordinary prudence suggested as both necessary and proper. Upon one occasion, as we have seen, he discovered an error in the footings of the check-book, and failed to look farther, because of the assurance of his clerk that he was seldom caught in a mistake. He was in the habit of looking over his check-book and keeping track of his balance in bank, and yet he did not observe that he was improperly charged in the balancing of October 6, 1880, with checks for \$500 and \$400; in that of November 19, 1881, with checks for \$405 and \$600.25; and in that of January 18, 1881, with checks for \$1,000, \$700.25, \$1,500, \$600, \$1,000, \$400 and \$2,000. He finally discovered, in March, 1881, that there was something radically wrong in his account, and sent his pass-book to the bank to be balanced, without intimating, so far as the record shows, that he had then discovered anything to excite suspicion or to call for explanation. The book having been balanced and returned to him on March 2, 1881, he then notified the bank that his clerk had absconded, and forbade the payment of any more checks the bodies of which were in Berlin's handwriting. Whether the clerk had absconded and left the State prior to this sending of the pass-book to the bank does not appear. But, when next heard of, so far as the record shows, he was at Wilmington, Delaware, in June, 1881, when and where he gave his deposition, *de bene esse*, in behalf of his former principal. The numerous checks which he confesses to have forged have been destroyed, and the bank is thereby put at disadvantage upon any issue as the fact of forgery, or as to whether the checks may

not have been so carelessly executed at the time they were signed by the depositor as to have invited or given opportunity for these alterations by his confidential clerk. *Van Dusen v. Howe*, 21 N. Y., 531, 538; *Redlich v. Doll*, 54 Id., 234, 238; *Young v. Grote*, 4 Bing., 252; *Greenfield Savings Bank v. Stowell*, 123 Mass., 196, 202. Still further, if the depositor was guilty of negligence in not discovering and giving notice of the fraud of his clerk, then the bank was thereby prejudiced, because it was prevented from taking steps, by the arrest of the criminal, or by an attachment of his property, or other form of proceeding, to compel restitution. It is not necessary that it should be made to appear, by evidence, that benefit would certainly have accrued to the bank from an attempt to secure payment from the criminal. Whether the depositor is to be held as having ratified what his clerk did, or to have adopted the checks paid by the bank and charged to him, cannot be made, in this action, to depend upon a calculation whether the criminal had at the time the forgeries were committed, or subsequently, property sufficient to meet the demands of the bank. An inquiry as to the damages in money actually sustained by the bank by reason of the neglect of the depositor to give notice of the forgeries might be proper if this were an action by it to recover damages for a violation of his duty. But it is a suit by the depositor, in effect, to falsify a stated account, to the injury of the bank, whose defence is that the depositor has, by his conduct, ratified or adopted the payment of the altered checks, and thereby induced it to forbear taking steps for its protection against the person committing the forgeries. As the right to seek and compel restoration and payment from the person committing the forgeries was, in itself, a valuable one, it is sufficient if it appears that the bank, by reason of the negligence of the depositor, was prevented from promptly, and, it may be, effectively, exercising it. *Conf'l Nat. Bank v. Nat. B'k Com'th*, 50 N. Y., 585, 591; *Voorhis v. Olmstead*, 66 Id., 113, 118; *Knights v. Wiffin*, L. R. 5 Q. B., 660; *Casco Bank v. Keene*, 53 Maine, 103; *Fall River Nat. Bank v. Buffinton*, 97 Mass., 499.

It seems to us that if the case had been submitted to the jury, and they had found such negligence upon the part of the depositor as precluded him from disputing the correctness of the account, rendered by the bank, the verdict could not have been set aside as wholly unsupported by the evidence. In their relations with depositors, banks are held, as they ought to be, to rigid responsibility. But the principles governing those relations ought not to be so extended as to invite or encourage such negligence by depositors in the examination of their bank accounts as is inconsistent with the relations of the parties or with those established rules and usages, sanctioned by business men of ordinary prudence and sagacity, which are or ought to be known to depositors,

We must not be understood as holding that the examination by the depositor of his account must be so close and thorough as to exclude the possibility of any error whatever being overlooked by him. Nor do we mean to hold that the depositor is wanting in proper care when he imposes upon some competent person the duty of making that examination and of giving timely notice to the bank of objections to the account. If the examination is made by such an agent or clerk in good faith and with ordinary diligence, and due notice given of any error in the account, the depositor discharges his duty to the bank. But when, as in this case, the agent commits the forgeries which misled the bank and injured the depositor, and, therefore, has an interest in concealing the facts, the principal occupies no better position than he would have done had no one been designated by him to make the required examina-

tion—without, at least, showing that he exercised reasonable diligence in supervising the conduct of the agent while the latter was discharging the trust committed to him. In the absence of such supervision, the mere designation of an agent to discharge a duty resting primarily upon the principal, cannot be deemed the equivalent of performance by the latter. While no rule can be laid down that will cover every transaction between a bank and its depositor, it is sufficient to say that the latter's duty is discharged when he exercises such diligence as is required by the circumstances of the particular case, including the relations of the parties, and the established or known usages of banking business.

It was insisted in argument that the grounds upon which the Circuit Court proceeded are sustained by the settled course of decision in the highest court of New York, as manifested in *Weisser v. Denison*, 10 N. Y., 70; *Welsh v. German-American Bank*, 73 Id., 421, and *Frank v. Chemical National Bank*, 84 Id., 213. We are also referred to *Manufacturers' National Bank v. Barnes*, 65 Ill., 69, and *National Bank v. Tappan*, 6 Kansas, 456, 467. There are, it must be conceded, some expressions in the first two cases which, at first glance, seem to justify the position of counsel. But it is to be observed, in reference to the case of *Weisser v. Denison*, that it is said in the opinion of the court that, as the bank had not taken any action, nor lost any rights, in consequence of the silence of the depositor, the only effect of such silence was to cast the burden upon him to show fraud, error, or mistake in the account rendered by the bank. From *Welsh v. German-American Bank*, it is clear that the comparison by the depositor of his check-book with his pass-book would not necessarily have disclosed the fraud of his clerk; for the check when paid by the bank was, in respect of date, amount, and name of payee, as the depositor intended it to be, and the fraud was in the subsequent forgery by the clerk of the payee's name. As the depositor was not presumed to know, and as it did not appear that he in fact knew, the signature of the payee, it could not be said that he was guilty of negligence in not discovering, upon receiving his pass-book, the fact that his clerk, or someone else, had forged the payee's name in the indorsement.

The latest expression of the views of the Court of Appeals of New York is in *Frank v. Chemical National Bank*. From what is there said it is evident that that learned tribunal does not give its sanction to the broad proposition that a depositor who obtains periodical statements of his account, with the vouchers, is under no duty whatever to the bank to examine them, and give notice, within a reasonable time, of errors discovered thereon. The court in that case, speaking by Judge Andrews, who delivered the opinion in *Welsh v. German-American Bank*, refers to *Weisser v. Denison*. After observing that it was unnecessary to restate the grounds of that decision, and adverting to the argument that where a pass-book was kept, which was balanced from time to time and returned to the depositor, with the vouchers for the charges made by the bank, including forged checks, the latter is under a duty to the bank to examine the account and vouchers, with a view to ascertain whether the account is correct, he proceeds: "It does not seem to be unreasonable, in view of the course of business and the custom of banks to surrender their vouchers on the periodical writing up of the accounts of depositors, to exact from the latter some attention to the account when it is made up, or to hold that the negligent omission of all examination may, when injury has resulted to the bank, which it would not have suffered if such examination had been made and the bank had received timely notice of objections, preclude the depositor from afterwards questioning its correctness. But where forged checks have been paid and



charged in the account and returned to the depositor, he is under no duty to the bank to so conduct the examination that it will necessarily lead to the discovery of the fraud. If he examines the vouchers personally, and is himself deceived by the skillful character of the forgery, his omission to discover it will not shift upon him the loss which, in the first instance, is the loss of the bank. Banks are bound to know the signatures of their customers, and they pay checks purporting to be drawn by them at their peril. If the bank pays forged checks it commits the first fault. It cannot visit the consequences upon the innocent depositor who, after the fact, is also deceived by the simulated paper. So, if the depositor, in the ordinary course of business, commits the examination of the bank account and vouchers to clerks or agents, and they fail to discover checks which are forged, the duty of the depositor to the bank is discharged, although the principal, if he had made the examination personally, would have detected them. The alleged duty, at most, only requires the depositor to use ordinary care; and if this is exercised, whether by himself or his agents, the bank cannot justly complain, although the forgeries are not discovered until it is too late to retrieve its position or make reclamation from the forger."

In *Manufacturers' National Bank v. Barnes*, the Supreme Court of Illinois, while expressing its approval of the decision in *Weisser v. Denison*, shows that the bank was itself guilty of negligence in paying checks drawn by the depositor's clerk; for it had in its possession, placed there by the depositor, written evidence that the authority of the clerk to draw checks against the depositor's account was restricted to a designated period, which had expired when the checks there in dispute were paid. Nor does the case cited from the Supreme Court of Kansas militate against the views we have expressed, although it refers with approval to *Weisser v. Denison*. The question there was as to the right of the bank to charge the depositor with the amount of a certain forged acceptance. The court found that the depositors were not guilty of neglect, and gave notice of the forgery as soon as it was discovered.

An instructive case is that of *Dana v. Nat. Bank of the Republic*, 132 Mass., 156, 158, where the issue was between a bank and its depositor in reference to a check which the latter's clerk altered after it had been signed and before it was paid by the bank. The court said that the plaintiffs, who were the depositors, owed to the bank "the duty of exercising due diligence to give it information that the payment was unauthorized; and this included not only due diligence in giving notice after knowledge of the forgery, but also due diligence in discovering it. If the plaintiffs knew of the mistake, or if they had that notice of it which consists in the knowledge of facts which, by the exercise of due care and diligence, will disclose it, they failed in their duty; and adoption of the check and ratification of the payment will be implied. They cannot now require the defendant to correct a mistake to its injury, from which it might have protected itself but for the negligence of the plaintiffs. Whether the plaintiffs were required, in the exercise of due diligence, to read the monthly statements or to examine the checks, and how careful an examination they were bound to make, and what inferences are to be drawn, depend upon the nature and course of dealing between the parties, and the particular circumstances under which the statements and checks were delivered to them." So, in *Hardy & Bros. v. Chesapeake Bank*, 51 Md., 591, which was also a case where checks forged by the confidential clerk of the depositor had been paid by the bank, and, as shown by the pass-book, were charged to his account. The court, upon an elaborate review of the authorities, said, upon the

general question, that "there is a duty owing from the customer to the bank to act with that ordinary diligence and care that prudent business men generally bestow on such cases, in the examination and comparison of the debits and credits contained in his bank or pass-book, in order to detect any errors or mistakes therein. More than this, under ordinary circumstances, could not be required."

What has been said applies mainly to the issue between the parties in relation to the altered checks embraced in the balancings of October and November, 1880, and January, 1881. The case in reference to checks 8,518 and 8,550, presents a somewhat different aspect. Cooper, we infer from the evidence, became aware, on March 2, 1881, when these checks were returned with his pass-book, balanced as of that date, that they were forgeries. But it is not clear from the evidence at what time, or in what day, he gave the bank notice of that fact, or generally of the fact that there had been alterations in his checks. It may be that the account rendered on March 2, 1881, did not, by reason of any unnecessary delay, become an account stated, as to items subsequent to the balancing of January 18, 1881, and, consequently, there may be no ground to charge the depositor with negligence in not giving due notice to the bank of the alleged alterations of those two checks.

It remains only to consider the action of the court below in reference to the second cause of action. Touching this branch of the case, the essential facts are: Cooper, on August 25, 1880, in his capacity as "Agent for Ashburner & Co.," made his check upon the Leather Manufacturers' National Bank for \$280.97, payable to the order of "W. B. Cooper, Jr., Agent." On the side of the check were the printed words, "Wm. B. Cooper, Agent." Across its face was the word "Gold." Upon the back of the check, before it was indorsed, were the following words, printed or stamped:

For deposit in  
Leather Man's Nat. Bank  
to the credit of

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Ag't for Ashburner & Co.

Cooper indorsed the check in question by writing "W. B. Cooper, agent," on the line immediately below the words "Leather Man's Nat. Bank," that is, on the line occupied by the words "to the credit of," and so as almost to obliterate the latter words. Thus indorsed, the check was delivered by Cooper to Berlin for the purpose, as the former states, of having it deposited to his credit, as agent of Ashburner & Co. Berlin presented it at the bank and received the money on it, but never accounted therefor to his principal. When Cooper first discovered that his clerk collected the amount of that check does not appear. He makes no statement on that subject.

The peremptory instruction to find against the bank upon this cause of action was, perhaps, based mainly upon the assumption that the endorsement imported a direction to place the amount of the check to the credit of Cooper, as agent for Ashburner & Co. But there is ground to contend that such was not the intention of Cooper. Evidently he had, for use, a stamp by which he could print the foregoing words upon checks which he desired placed to his credit, as agent for Ashburner & Co., leaving a blank line for his own signature. The object of this was to save time and writing. It might be asked why should he, as agent for Ashburner & Co., draw a check payable to his own order as such agent, and then direct the bank, by his endorsement as agent, to place the money to the credit of himself, as agent for Ashburner & Co.; with one hand taking the money out of his account, as agent, and with the

other putting it back immediately into the same account? And it might be argued that if he intended, by his endorsement, to direct the money to be placed to the credit of himself, as agent of Ashburner & Co., he would have written his name in the blank line underneath the words "to the credit of;" but that, to prevent any such disposition of the money, he obliterated the operative words in the stamped lines on the back of the check by writing his name across the words "to the credit of," thus making, what the bank claims was intended, an endorsement in blank, entitling the bearer of the check to receive the money. Or, if his purpose was to take out of his account, as agent, the sum specified in his check, and at the same time show that the money was not to be used by him for his personal benefit, but for his principals, what he did would naturally effect that object. If the endorsement was made in such manner as fairly to indicate that it was intended to be in blank, the loss should fall on the depositor whose negligence caused the mistake. These observations are not intended as an expression of opinion as to the weight of evidence upon this branch of the case. They are intended only to show that the case, as to the check for \$280.97, was not clearly for the plaintiffs, and ought to have been submitted to the jury.

It results from what has been said that the court erred in peremptorily instructing the jury to find for the plaintiffs. Both causes of action are peculiarly for a jury to determine, under such instructions as may be consistent with the principles announced in this opinion. Whether the plaintiffs are estopped, by the negligence of their representative, to question the correctness of the accounts as rendered by the bank from time to time, is, in view of all the circumstances of this case, a mixed one of law and fact. As there is, under the evidence, fair ground for controversy as to whether the officers of the bank exercised due caution before paying the altered checks, and whether the depositor omitted, to the injury of the bank, to do what ordinary care and prudence required of him, it was not proper to withdraw the case from the jury. *Railroad Co. v. Stout*, 17 Wall, 663, and *Cooke v. United States*, *Wiggins v. Burkham*, *Dana v. National Bank of the Republic*, and *Hardy v. Chesapeake Bank*, *ubi supra*.

The judgment is reversed, and the cause remanded for a new trial, and for further proceedings in conformity with this opinion.—*Reversed*.

Mr. Justice Blatchford did not sit in this case or take any part in its decision.

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## BOOK NOTICES.

*Class Interests : Their Relations to Each Other and to Government. A Study of Wrongs and Remedies, to Ascertain what the People Should do for Themselves.* By the author of "Conflict in Nature and Life." New York : D. Appleton & Company, 1886.

The author begins with a chapter on "absolute economics," in which he remarks that "in most questions of political economy the elements are so numerous and changeable as effectually to rule out most absolute propositions." Mr. Edward Atkinson's law that "the profits of capital are constantly tending to a minimum, while the rates and purchasing power of wages are both constantly tending to a maximum," is thrown aside. On the other hand, the "higher law of property"—that all mankind conjointly own the earth, but are not in possession—is quoted with a certain approval. The author denounces the bias of the rich classes and hopes that taxes will be laid equitably on income, consumption, and property alike. He is opposed to gold monometallism, and to bank notes, and pleads for state socialism. He does not like the protective tariff, denounces the navigation laws, and apparently tries to disregard national lines. He denounces the great corporations, and seeks to give a chance to the weak against the strong. Although the author says but very little which is new, the book is a good statement of the grievances of a large class of persons, and which are worthy of serious consideration.

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*Financial Review (Annual) 1886. Commerce, Banking, Investments.* William B. Dana & Co., Publishers New York.

This publication serves a highly useful purpose. It contains the most important statistical matter on the subjects indicated, accurately prepared, and which can be found nowhere else in a form so convenient for use. The prices of National, State and Railroad securities are given; valuable interest tables showing the accumulation of money for a series of years, and the rate per cent. realized on securities purchased at different prices; the production and consumption of gold and silver; a full review of the course of trade and money for the year; clearings and failures and other matters.

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*The Statesman's Year-Book, Statistical and Historical Annual of the States of the Civilized World for the Year 1886.* Edited by J. SCOTT KELTIE. London : Macmillan & Co. 1886.

No other work in the English language is comparable with this widely-known publication. The editor remarks that the chief reason for delaying the issue so long from the beginning of the year is to give many important statistics which otherwise would not have been available. This surely is a sufficient reason, for the work is rendered much more valuable by having them. In this number a description is given for the first time of the Congo Free State, Straits Settlements and Fiji. The work has evidently been thoroughly revised, and doubtless will be as gladly welcomed as its predecessors have been. It is one of those books of reference which, perfected by constant revision, has become indispensable to many persons.

*Cometallism : A Plan for Combining Gold and Silver in Coinage for Uniting and Blending their Values in Paper Money, and for Establishing a Composite Single Standard Dollar of Account.* By NICHOLAS VEEDER. Pittsburgh : Published by the Author. 1885.

In this interesting and ingenious work, Mr. Veeder presents a plan for overcoming the fluctuations in the value of silver and gold. He endeavors to combine the ideas of those who favor one, with those who favor a double, standard of value. The word "cometallism" is intended to express their united functions when so combined. The new dollar token which he has invented consists of an outer disk of silver of the value of 50 cents, resembling a coin with a hole cut through its center, in which hole is fitted a disk of gold, also of the value of 50 cents. The gold is held in place by the millings of the silver lapping over it and by the compression incident to coinage. The gold is too thin to admit of alteration and all abrasion comes on the silver, there being a double depression where the gold is. Subsidiary coins of the same style are also proposed. Excellent colored cuts are given to illustrate these coins. The author and inventor claims that in this way an unvarying standard of value could be obtained, because one metal would advance in value as much as the other declined, thus preserving an equilibrium. He favors, as an adjunct to his coinage scheme, that Congress should pass an act declaring all debts payable one-half in gold coin and one-half in silver coin, except where otherwise stipulated and except debts contracted before the act shall take effect. He also presents a design of a gold and silver certificate, to be issued by the Government, payable in gold and silver coin, in equal amounts. He also proposes a standard "dollar of account," to consist of  $12\frac{7}{8}$  grains of gold in mechanical combination with  $206\frac{1}{4}$  grains of silver, which is in the case of each metal exactly half the weight of the dollar of that metal now in circulation.

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*The Forum.* March, 1886.

This is the initial number of a monthly magazine under the editorship of L. S. Metcalf, who, for a considerable period, was connected with the *North American Review*. The present number contains nine articles on live topics, by competent and attractive writers. Prof. Winchell writes interestingly on "Science and the State," James Parton describes the "Newspapers Gone to Seed," Edward Everett Hale, "How I was Educated," and the Rev. Dr. Crosby, "Shall our Laws be Enforced?"

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*Harbor Studies. General Requirements. New York Entrance, Delaware Breakwater.* By PROF. L. M. HAUPT, C. E. 1886.

*Report of the Tax Commission of Baltimore.* Baltimore. 1886.

*A Letter from the Secretary of the Treasury to A. S. Hewitt, Committee of Ways and Means, in response to an invitation to consider certain Proposed Measures for the Reformation of Laws for the Collection of Duties.* Washington. 1886.

*Address on the Silver Question before the Providence Board of Trade.* By EDWARD ATKINSON. Providence. 1886.

*La Tribune des Peuples. Revue Internationale du Mouvement Social.* Janvier. 1886. Numéro 1.

*Letter of the Secretary of the Treasury to the Speaker of the House of Representatives respecting Coin Payments of Interest-Bearing Debt.* Washington. 1886.

*The Economic Text-Book and Free-Traders' Guide.* Edited by R. R. BOWKER. New York: The New York Free Trade Club. 1885.

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

### I.—RECOVERY OF MONEY PAID BY DRAWEE OF FORGED CHECK.

Will you kindly give in your next issue what is the legal decision in the following case: A check, afterwards found to be a forged one, is paid by the bank on which it is drawn to another bank. When the forgery is discovered, which is some time after payment was made, the bank that paid the check claims that it can recover the amount from the bank from whom the check was received. Can it do so legally?

REPLY.—Certainly not. The rule of law is thus stated in the case of the *National Park Bank v. Ninth National Bank*, 46 N. Y., 77: "For more than a century it has been held and decided without question, that it is incumbent on the drawee of a bill to be satisfied that the signature of the drawer is genuine—that he is presumed to know the handwriting of his correspondent; and if he accepts or pays a bill to which the drawer's name has been forged, he is bound by the act, and can neither repudiate the acceptance nor recover the money paid." See Morse on Banking, 327; Daniel on Negotiable Instruments, § 1359.

### II. PROTEST OF PROMISSORY NOTES.

A gives his note to B, payable at bank in which B keeps his account. B gets it discounted at that bank. On the day of maturity A fails to provide for it, but on that day B has sufficient at his credit to cover the note.

Query—Has the bank any right, legally or otherwise, to charge to B's account A's note, on the day of maturity, without protesting and without instructions from B so to do, but the bank on the same day notifying B, by mail, of its action?

REPLY.—It has the right; and this would be the proper course to pursue. It should always be remembered that protest by a notary in the case of a promissory note is never legally necessary. If A failed to call at the bank and pay the note during business hours of the day of maturity, the bank would not be required to employ a notary, but might itself give notice to B that the note had been dishonored, and this would fix his liability as indorser, which having been done, the bank would have an immediate right to hold the note as an offset against B's deposit account.

### III. DEPOSITORS' PASS-BOOKS.

A correspondent in Iowa asks us "to give the form of receipt taken from depositors when they receive a pass-book balanced." In New York State the balancing of the pass-book, being in itself a receipt, no other voucher is required. A different rule may prevail in some other State, but we have no evidence of the fact.

## BANKING AND FINANCIAL ITEMS.

**THE NEW COMPTROLLER OF THE CURRENCY.**—After a considerable delay, the office of Comptroller of the Currency has been filled, and by one who is well qualified for the position. The office was created in 1863, and the organization of the bureau was accomplished by Hugh McCulloch, the first Comptroller, who resigned to become Secretary of the Treasury in 1865. Only four men have since held the office, the number being smaller than in any other in the Treasury Department. Freeman Clarke had some national reputation when appointed, and carried on successfully the work begun by Mr. McCulloch. In 1867 he was succeeded by Hiland R. Hulburd, who had risen from the lowest grade of clerkship in the bureau, and brought long experience and routine knowledge to aid him in perfecting the details of the work. In 1872, Mr. John Jay Knox succeeded Mr. Hulburd, and under him the position of Comptroller of the Currency assumed greater importance, and his annual reports were prepared with great care, and were generally regarded as possessing much value. Mr. Henry W. Cannon, succeeding Mr. Knox in 1884, perhaps accomplished more than any of his predecessors in advancing the importance and perfection of the work of the Currency Bureau, and his reports are among the best productions of executive officers of the Government. Mr. Trenholm's appointment is generally regarded as judicious, and we have no doubt that his administration of the office will justify the wisdom of the President's choice.

**ANOTHER BOND CALL.**—The Secretary of the Treasury, on March 22d, issued the one hundred and thirty-fifth call for the redemption of bonds. The call is for \$10,000,000 of the three-per-cent. loan of 1882, and notice is given that the principal and accrued interest of the bonds herein below designated will be paid at the Treasury of the United States, in the City of Washington, D. C., on the first day of May, 1886, and that the interest on said bonds will cease on that day, viz.: Three-per-cent. bonds issued under the Act of Congress approved July 12, 1882, and numbered as follows: \$50—Original No. 275 to original No. 284, both inclusive; and original No. 1,376 to original No. 1,381, both inclusive. \$100—Original No. 2,049 to original No. 2,107, both inclusive; and original No. 9,880 to original No. 9,916, both inclusive. \$500—Original No. 922 to original No. 1,041, both inclusive; and original No. 4,210 to original No. 4,218, both inclusive. \$1,000—Original No. 7,660 to original No. 9,030, both inclusive; and original No. 23,654 to original No. 23,711, both inclusive. \$10,000—Original No. 14,597 to original No. 15,458, both inclusive. Total, \$10,000,000.

The bonds described above are either bonds of the "original" issue, which have but one serial number at each end, or "substitute" bonds, which may be distinguished by the double set of numbers, which are marked plainly "Original numbers" and "Substitute numbers." All of the bonds of this loan will be called by the original numbers only. The three months' interest due May 1, 1886, on the above-described bonds will not be paid by checks forwarded to the holders of the bonds, but will be paid, with the principal, to the holders at the time of presentation. Many of the bonds originally included in the above numbers have been transferred or exchanged into other denominations on "waiver," the original numbers being canceled, and leaving outstanding the apparent amount above stated.

— **THE Fifth Avenue Safe Deposit Company**, with a capital of \$100,000, has been incorporated by Isaac N. Phelps, H. A. Hurlbut, A. B. Darling, J. L. Riker, W. C. Brewster, George W. Carleton, George Montague, W. I. Eno, and Carroll St. John.

NEW JERSEY.—Chancellor Runyon, of New Jersey, has granted the petition of the depositors of the New Brunswick Dime Savings Bank, and will not appoint a receiver. A Committee of the Directors will settle up the bank's affairs.

— MARCHBANK, the corresponding clerk of the Mechanics' National Bank of Newark, N. J., has been recently pardoned by the President, to take effect on the day his term expired. This will operate to remove any political disability, and remit any pecuniary obligations he owes the Government.

ST. LOUIS.—Mr. Aug. W. Straub, until lately Vice-President of the International Bank of St. Louis, has been chosen President of that bank in place of Mr. W. C. Lange, who died on the 15th of March. Mr. Lange was fifty-five years of age. Mr. Adam Herthel is Cashier of the International Bank.

— FOR numismatic books, coins or medals, we cordially recommend Mr. Lyman H. Low, 853 Broadway, New York. He has special facilities for furnishing old and rare articles in his line, and will cheerfully give any information wanted about such to intending purchasers. He can supply promptly anything required in his line and at reasonable figures.

THIRD AVENUE SAVINGS BANK DIVIDEND.—A dividend of two and one-half per cent. on balance has recently been declared by the receiver of the Third Avenue Savings Bank, which failed in 1876. The total of this dividend amounts to \$34,000, on account of which the Knickerbocker Trust Company, 234 Fifth Avenue, this city, has paid out up to date the sum of \$26,000. Including this dividend, the Third Avenue Savings Bank depositors will have received seventeen and a-half per cent. in all since the collapse of the bank.

— HENRY H. MARTIN, one of the leading bankers of Albany, died on the 19th of March after a short illness. He was born in Avon, Livingston County, November 27, 1809. Graduating from Union College in 1830, and studying law, he practiced it with the late Chancellor, John V. L. Pruyn. He was private secretary for Governor Throop and Governor Marcy. In 1851 he became Cashier of the Albany City Bank, and devoted himself afterward to banking. At the time of his death he was President of the Albany Savings Bank, the Albany Gas Light Company, and the Board of Trustees of the Albany Academy.

CHICAGO.—The organization of the American Exchange National Bank, of Chicago, which will begin business May 1, in the Adams Express Building, corner Monroe and Dearborn streets, with a capital of \$1,000,000, has been completed as follows: Directors—D. W. Irwin, D. K. Pearsons, J. A. Markley, I. K. Hamilton, E. Buckingham, A. N. Young, Robert Hill, C. B. Eggleston, G. F. Bissell, J. H. Swan, George Spencer, G. R. Jenkins, George Oberne, M. M. Kirkman, D. B. Dewey. Officers—D. W. Irwin, President; D. B. Dewey, First Vice-President; D. K. Pearsons, Second Vice-President; A. L. Dewar, Cashier; Holmes Hoge, Assistant Cashier.

NOT NEW, BUT—In March, 1883, a young man giving the name of Charles Barney, went to the Metropolitan Hotel in Boston and registered as Charles Barney. A few days later he went to some auctioneers and asked them to sell a horse and carriage which he had with him, giving the name of Charles Barney. In reply to an inquiry regarding him, they received a message by telegraph that Charles Barney, of Swanzy, was a reliable and responsible man; and, believing him to be that person, they sold the property for him, and gave him, three days afterward, their check for \$91.08 in payment, which Barney gave to the hotel proprietor in payment of a board bill, receiving the balance in cash. It then turned out that "Charles Barney" was not Charles Barney, and that the horse and carriage had been stolen. The auctioneers accordingly stopped payment of the check, and the proprietor of the hotel sued them for its amount. At the trial the Court instructed the jury that if the person who took the team to defendants' place of business, left it there under the name of Charles Barney, and defendants in receiving it dealt with him as such person, sold the team for him, and gave him the check in the belief that he was Charles Barney, of Swanzy, and the owner of the team, and he had in the meantime been boarding at plaintiff's hotel under that name, and had gone by that name while at the hotel, the plaintiff, under the circumstances, acquired a good title to the check as against defendants. The jury found for plaintiff, and judgment was given by the full court upon the verdict.



— It is estimated that the annual cost of the picking of the cotton crop of the Southern States is \$40,000,000.

— MRS. THOMAS POWERS stands at the head of the list of rich Philadelphia widows, her estate being valued at about \$10,000,000.

— A MEXICAN banker is going to have his name stamped on 50,000,000 toothpicks. He seems desirous of having his name in everybody's mouth.

— THE material for nine of the largest bridges in the United States is being tested in Pittsburg. The cost of the bridges will range from \$5,000,000 down to \$450,000.

— THE present annual value of the manufactures of the United States is six thousand millions of dollars. For the present we have an export demand for only *two* per cent. of this vast amount.

— IN Australia, recently, on the question of the amount of interest to be allowed a bank on a Government overdraft, the accidental insertion of an additional cipher made the amount £150,000 instead of £15,000.

— IN the past year the richest American merchant, H. B. Claflin; the richest American railroad man, W. H. Vanderbilt, and the richest American planter, Edmond Richardson, have died. It is notable that only one of the three died in his bed.

— THE Dime Savings Bank of New Brunswick, N. J., has collapsed. The Treasurer is said to be \$80,000 short in his accounts, and he will probably add another to the list of over twenty former officers of banks, now in the New Jersey penitentiary for the same frivolity.

VERNON (N. Y.)—On the 14th of March Vernon lost one of its best citizens by the death of Josiah Case, President of the National Bank of Vernon. Deceased had been a bank president in Vernon for twenty-four years at the date of his demise. He was held in universal esteem.

— THE ancient joke about drawing checks on a sand BANK is being obliterated by the corroding tooth of Time. A chest containing Spanish money to the value of nearly \$4,000 was ploughed up the other day from a sandy hill in Putnam County, Florida. Some of the coins exhumed date back to 1678.

— THE admirable type-writer now manufactured and sold by the American Writing-Machine Company, of Hartford, should not be confounded with the caligraph of some years back. The machine now made in the march of improvement has been brought to a high degree of perfection, and never fails to give satisfaction. We have in the office of the BANKER'S MAGAZINE one of the American Writing-Machine Company's caligraphs, and regard it as the best type-writer in existence.

— THE Baltimore and Ohio Railroad Company, in an effort to procure the right of way through Staten Island, found that a certain tract of land was the property of a young lady who was the inmate of an insane asylum, and it became necessary to have a medical commissioner examine her to find out whether her mental faculties were clear enough to make a contract. The result of the examination was the discovery that the lady was not insane at all, nor had she been. And yet she had been confined in this horrible prison for more than two years. Con dign punishment should be meted out to whoever is responsible for her incarceration.

AFTER MANY DAYS.—The Postmaster-General, the 6th of last December, received a letter postmarked Cheyenne, Wyo., in which the writer asks the assistance of the department in finding the rightful owners of \$140 inclosed. The letter is signed "From a Christian," and states that in 1864 or 1865 the writer stole a letter from the Peru, Neb., Post-office, containing \$40, and again, in 1866 or 1867, while temporarily in charge of an express car at North Platte, Neb., a letter containing \$125 was handed him for transmission by a soldier then stationed there. From this letter he took \$100, mailing the letter with the balance of the money. Although twenty years have elapsed since the thefts were committed, the postal authorities have at last succeeded in finding the rightful owner of the \$40, and payment to Enoch Riggles of Plum Wallow, Ia., has been ordered. Further efforts will be made by the department to find the owner of the \$100. Should the Postmaster-General ever find it necessary to search for some one who has not lost a hundred dollars, he can be accommodated with the name of the party about the Greek Kalends.

— LAZARD FRERES have ordered \$440,000 in gold bars for export; the Bank of Nevada, \$831,000, and Halgarten & Co., \$105,000—all for Paris.

— THE French Government has decided to issue a loan of 1,000,000,000 francs to consolidate the 618,000,000 of six-year bonds now outstanding and to redeem the floating debt.

AN UNSETTLED LEGAL QUESTION.—“The certain age at which a check may be said to be stale is as uncertain as the fixing of the day on which a young lady becomes an old maid.”—*Daniel on Negotiable Instruments*.

— PARIS is by at least a century older than London, and wants now but sixty-two years of two thousand years of continuous historical record. It was a more important Roman city than London, and had far more important Roman remains.

— THE First National Bank at Rondout, N. Y., has brought suit in the United States Circuit Court against the City of Kingston, N. Y., to have declared the assessment last year on bank-stock shares illegal and unconstitutional. The amount of the tax was \$7,000.

— AT a meeting of the Managers of the Bank of England recently, the question of bimetallism was discussed. The coinage of silver rupees and florins for circulation in both India and Great Britain was suggested. It was shown that within the last five years the quantity of gold in England had decreased £10,000,000 sterling.

— ENGLAND levies more customs duties on its imports than any other country in Europe. In 1882, the last year for which the figures were complete, the amount of duties collected was as follows: Austro-Hungary, \$12,752; Russian Empire, \$44,435; German Empire, \$46,475; France, \$65,480,000; and Great Britain, \$96,050,000.

— THE 24th of February Robert Wichelhaus, chief of the well-known banking firm of Johann Wichelhaus Peters (Sohn), which will celebrate the 100th anniversary of its existence in the course of this year, died at Elberfeld, Germany. As he succeeded his father, the founder of the firm, his only son, who first had entered a judicial career, takes his place at the head of the house—a rare occurrence.

— THE amount of coin and currency in the hands of the people outside of the Treasury of the United States, and the National, State and saving banks, and trust companies, November 1, 1885, was: gold, \$251,476,288; silver, \$107,914,611, and currency, \$470,401,878. Total, \$829,792,777. The amount of coin and currency in the country, November 1, 1885, was: gold coin and bullion, \$586,727,787; silver coin, \$307,658,827; legal-tender notes, \$346,681,016; National bank notes, \$315,847,168. Total, \$1,556,914,798.

SOMEWHAT PATHETIC.—Some time during the year 1852 an article appeared in the *BANKER'S MAGAZINE* in which the words occurred incidentally “we have no record that could be dignified with the name of the financial institutions of ancient Rome.” This sentence has lingered for more than a generation in the mind of a correspondent who aims to be amusing under date of March 10th, 1886. He asks emphatically, “How about the Banks of the Tiber?” After this, when we assert that Esterbrook's steel pens are a very necessary article and one of the most useful of modern inventions, besides being the best steel pens now made, we shall be prepared to have some comic correspondent send us a statement, supported by affidavit, that pens became a necessity upon the birth of the first member of the porcine tribe.

DIAMONDS.—Early in 1867, the First South African diamond was brought to the town of Colesberg by a hunter to whom it had been given by a Dutch Boer family whose child had found it in her play. It was carried to the Paris Exposition, and by the following year diamond digging had been begun in earnest. In 1869, the African Kohinoor, valued at \$150,000, was discovered. By 1870, public attention had become completely aroused and capitalists began to invest in the enterprises. In 1870, there were 40,000 people within a line of seventy miles on the banks of the Vaal River. The South African diamond fields are situated chiefly in the colony of West Griqualand, which was proclaimed British territory in 1871. The value of the exportation of diamonds from South Africa in one year, 1871, was \$7,500,000.

— THE total expenditures of the British Government for the year ending March 31, 1884, amounted to £86,999,564, or \$421,077,889.76. The total expenditures of the United States for the year ending June 30, 1884, amounted to \$244,126,244.33.

— OUR China trade last year amounted to nearly one hundred million dollars. We have two great commercial rivals in that part of the globe. Merchants on the Pacific coast are asking themselves if the present ostracism of Chinamen in the United States continues how long will it be before the facilities our trade now enjoys are transferred to French and English merchants. It is a very interesting question.

— A GERMAN Transoceanic bank, after the model of the German Imperial Bank, is projected. The capital is to be 60,000,000 marks, or £3,000,000, but may be expanded to double that amount if required. It will be founded privately. The headquarters of the Institution will be Berlin, but there will be branches at Bremen, Frankfort, Hamburg, and Leipzig, and also in certain of the German colonies.

NATURE *versus* THE TELEPHONE.—The sound of the cars is plainly heard on the line of the Atlantic and Pacific Railroad, at the Needles, for a distance of seventy-eight miles to a place called Cottonwood Island. The discharge of the sunrise gun at Fort Mojave can be plainly heard at Colorado cañon, a distance of 100 miles. Sound can be understood in the narrows of the Grand cañon of the Colorado for a distance of eighteen miles, or, in other words, if a man at one end shouts "Bob!" the man at the other end can plainly hear the echo. The whistle of a Colorado steamer can be heard from El Dorado cañon to Weaverville, the head of navigation, a distance of seventy-eight miles, and by tumbling a rock over the precipice at Lee's Ferry you can plainly hear the echo down the river at Weaver-ville, a distance of thirty-six miles.

GOVERNMENTAL ENCOURAGEMENT OF SWINDLING.—A speedy and effectual method of raising large amounts of money in France is to have recourse to a system of lotteries, and it is more than likely that the funds necessary for the completion of the Panama Canal will be realized through such a scheme under the authority of the French Government. To show how meager are the returns to the investors in these huge games of chance, it may be mentioned that the King of the Belgians has transferred for 10,000,000 f. to a syndicate of French bankers, the authorization, given by the French Government as payment for the Kwilu-Nyady district, to hold a lottery to the amount of 20,000,000 f. in France. This sum is to be employed in the construction of steamers for the upper Congo, the making of roads and other improvements in the new State. Ten millions are thus exhausted before the scheme is launched, and still innumerable credulous victims are to be found who will invest \$5 against \$1, in the absurd idea that they are to be the lucky holders of the grand prize.

— THE other day a farmer-looking man entered a Griswold Street bank with a check, which he handed to the paying teller, and which was at once returned to him with the remark, "No money here." "What! are you out of money?" asked the caller. "Oh, no. I mean that the man whose name is signed there has no money on deposit here." "Is that so? Why he's one of the nicest men I ever met." "That may be, but his check isn't worth anything here." "Isn't it, eh? Why he boarded with me a whole month, and we think everything of him. May be he's got money here and it's mislaid somewhere." "The check is worthless, sir. He never had a dollar on deposit here." "Never did, eh? I don't see how it comes about. When I asked him for his board money he wrote this check out as quick as a wink. You couldn't pay it and trust him for the money, eh?" The teller looked at him in a sorrowful way for a moment, and the man continued, "You'd better do that way. I hate to hurt his feelings, you know!" "Say, that check is worthless, and I don't want you to bother me!" exclaimed the teller. "You don't, eh? Well, I won't; but I think it's a mean sort of trick on your part. When a man goes and writes a check right off like he did, it ought to be paid. When I go home and he asks me if I got the money, do you s'pose I'm going to tell him what you've said? Not much! I don't hurt nobody's feelings if I can help it."—*Detroit Free Press.*

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from March No., page 711.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
CAL....	San Diego.....	San Diego Savings Bank. Henry C. Watts, <i>Pr.</i> Daniel P. Hale, <i>Cas.</i>	
FLA. ....	Ocala.....	First National Bank.....	
	\$ 50,000	Enoch W. Agnew, <i>Pr.</i> Alex. McIntyre, <i>Cas.</i>	
" ..	Orlando.....	First National Bank.....	
	\$ 50,000	Chas. Joy, <i>Pr.</i> J. H. Vivion, <i>Cas.</i>	
" ..	St. Augustine..	First National Bank.....	National Park Bank.
	\$ 50,000	John T. Dismukes, <i>Pr.</i> Geo. W. Gibbs, <i>Cas.</i>	
IDAHO..	Boise City.....	Boise City National Bank.	Wells, Fargo & Co.
	\$ 50,000	H. Wadsworth, <i>Pr.</i> Alfred Eoff, <i>Cas.</i>	
ILL....	Enfield.....	Willis Bros.....	
" ..	Spring Valley..	Spring Valley Nat'l Bank.	
	\$ 50,000	Chas. J. Devlin, <i>Pr.</i> Michael Barton, <i>Cas.</i>	
IOWA... Newell.....	Miller & Gordon.....	Continental National Bank.	
" ..	Paullinia.....	Farmers' State Bank.....	
	\$ 25,000	Geo. Hakeman, <i>Pr.</i> Stephen Harris, <i>Cas.</i>	
" ..	Salix.....	J. C. Currier & Sons.....	
KANSAS.	Concordia.....	C. W. McDonald.....	Chemical National Bank.
" ..	Garden City....	West'n Kan. Title Loan & Inv'tm't Co. ....	
	\$ 41,500	I. R. Holmas, <i>Pr.</i> E. A. Bagby, <i>Sec.</i>	
" ..	Kendall.....	Kendall Exchange Bank..	First National Bank.
	\$ 25,000	A. T. Irvin, <i>Pr.</i> D. P. Doak, <i>Cas.</i>	
" ..	Lincoln.....	First National Bank.....	Continental National Bank.
	\$ 50,000	J. T. Smith, <i>Pr.</i> E. W. McJunkin, <i>Cas.</i>	
" ..	Ludell.....	Bank of Ludell.....	National Park Bank.
	\$ 12,000	Edwin S. Kirtland, <i>Pr.</i> James K. Otis, <i>Cas.</i>	
" ..	Meade Center..	Meade County Bank.....	Gilman, Son & Co.
		Anthony H. Heber, <i>Pr.</i> M. Wightman, <i>Cas.</i>	
" ..	Newton.....	German National Bank..	National Park Bank.
	\$ 60,000	John A. Randall, <i>Pr.</i> W. H. Clarke, <i>Cas.</i>	
" ..	Osborne.....	Exchange National Bank.	Importers & Traders' Nat'l Bank.
	\$ 60,000	W. W. Watson, <i>Pr.</i> S. P. Crampton, <i>Cas.</i>	
" ..	Pittsburg.....	First National Bank.....	National Bank of Republic.
	\$ 50,000	T. Judson Hale, <i>Pr.</i> S. P. Hale, <i>Cas.</i>	
" ..	St. John.....	First National Bank.....	Lincoln National Bank.
	\$ 25,000	Wm. B. Thompson, <i>Pr.</i> Royal W. Thompson, <i>Cas.</i>	
" ..	Wallace.....	Wallace County Bank....	T. J. R. Perry, <i>Cas.</i>
" ..	Weir City.....	A. Cragin & Son.....	National Bank of Republic.
KY.....	Burlington....	Boone County Dep. Bank.	
	\$ 50,000	F. Riddell, <i>Pr.</i> J. C. Revill, <i>Cas.</i>	
MINN... Lake City.....	Merchants' Bank.....	National Park Bank.	
	\$ 50,000	Wm. F. Holmes, <i>Pr.</i> E. F. McCall, <i>Cas.</i>	
NEB....	Barneston.....	Bank of Barneston.....	James Craig, <i>Cas.</i>
" ..	Benkelman.....	Bank of Benkelman (H. Chamberlin).	Chemical Nat'l Bk.
" ..	Curtis.....	Bank of Curtis.....	
		A. F. Johnson, <i>Pr.</i> A. W. Johnson, <i>Cas.</i>	
" ..	Hastings.....	Adams Co. Savings Bank.	Importers & Traders' Nat'l Bank.
	\$ 60,000	Wm. Kerr, <i>Pr.</i> Otto G. Smith, <i>Cas.</i>	
" ..	O'Connor.....	O'Connor Banking Co....	
	\$ 10,000	Jesse M. Marsh, <i>Pr.</i> Thos. C. Phelan, <i>Cas.</i>	
" ..	Omaha.....	Douglas County Bank....	Kountze Bros.
	\$ 100,000	(Parrotte, Clarkson & Co.) Chas. Parrotte, <i>Cas.</i>	
N. Y....	Waterford.....	Bank'g House of S. C. Bull	American Exchange Nat'l Bank
PA.....	Philadelphia..	Spring Garden Nat. B'k..	Hanover National Bank.
	\$ 500,000	Francis W. Kennedy, <i>Pr.</i> Henry H. Kennedy, <i>Cas.</i>	
" ..	Philadelphia...	Southwestern Nat'l Bank.	Will commence business June 1.
	\$ 200,000	John Gardiner, <i>Pr.</i> H. B. Langworthy, <i>Cas.</i>	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
<b>TENN.</b>	Paris.....	Bank of Henry.....	Lathom, Alexander & Co.
	\$100,000	S. A. Champion, <i>Pr.</i>	A. B. Lamb, <i>Cas.</i>
<b>TEXAS.</b>	Sulphur Sp'ngs.	First National Bank.....	Ninth National Bank.
	\$50,000	J. L. Whitworth, <i>Pr.</i>	Philip H. Foscue, <i>Cas.</i>
<b>VT.</b>	St. Albans.....	Weldon National Bank...	National Bank of Republic.
	\$50,000	John G. Smith, <i>Pr.</i>	F. Stewart Stranahan, <i>Cas.</i>
<b>WIS.</b>	Waterloo.....	Waterloo Bank.....	Kountze Bros.

## CHANGES, DISSOLUTIONS, ETC.

(*Monthly List, continued from March No., page 713.*)

<b>DAK.</b>	Cooperstown...	Bank of Cooperstown ; suspended March 23.
"	.. Sioux Falls....	First National Bank ; in hands of Receiver March 11.
"	.. Watertown....	Dakota State Bank (W. E. Sibley) ; closed out.
<b>FLA.</b>	St. Augustine..	Bank of St. Augustine ; succeeded by First National Bank.
<b>ILL.</b>	Sullivan.....	Merchants and Farmers' Bank (Elder & Steele) ; now Wm. A. Steele, proprietor.
<b>IOWA.</b>	Bayard.....	Bank of Bayard (Geo. W. Blakeslee & Son) ; succeeded by Bayard Bank (D. G. Barnes).
"	.. Spencer.....	J. B. Edmunds ; sold out to Clay County Bank.
<b>KAN.</b>	Concordia.....	Concordia National Bank ; succeeded by C. W. McDonald.
"	.. Lincoln.....	Farmers & Merchants' Bank ; now First National Bank.
"	.. Newton.....	Harvey County Bank ; succeeded by German National Bank.
"	.. Newton.....	Chas. R. Munger Savings Bank Co. ; succeeded by International Bank.
"	.. Oberlin.....	Bank of Oberlin, incorporated, A. W. Schuster, <i>Pr.</i> , F. Browne, <i>Cas.</i>
"	.. St. Johns.....	People's Bank ; succeeded by First National Bank.
<b>MICH.</b>	Big Rapids....	Fairman's Bank (F. Fairman) ; succeeded by Fairman & Judson.
"	.. St. Louis.....	Bank of St. Louis (Frank G. Kneeland) ; now Kneeland & Smith, proprietors.
<b>MISS.</b>	Grenada.....	Bank of Grenada, discontinued March 1st.
<b>MO.</b>	Kansas City...	Lombard Bros. ; succeeded by First National Bank.
"	.. Shelbyville....	Cooper & Dimmitt ; now Philip Dimmitt.
<b>NEB.</b>	Humphrey.....	Citizen's Bank, incorporated, Ira B. Briggie, <i>Pres.</i> , E. A. Stockslager, <i>Cas.</i>
"	.. North Platte...	McDonald Bank ; now Bank of Chas. McDonald.
"	.. Stella.....	Bank of Stella (Hull & Ferguson) ; now J. L. Slocum, <i>Pr.</i> , J. R. Cain, <i>Cas.</i>
"	.. Wahoo.....	Citizens' Bank (Williams, Lyle & Collins) ; now Lyle & Collins, proprietors.
<b>N. J.</b>	New Brunswick	Dime Savings Bank ; closed March 11.
<b>N. MEX.</b>	Albuquerque...	Albuquerque National Bank ; suspended.
<b>OR.</b>	Eugene City...	Hendricks & Eakin ; now First National Bank.
<b>PA.</b>	Philadelphia...	Spring Garden Bank ; now Spring Garden National Bank.
<b>TEXAS.</b>	Sulphur Springs	Weaver, Whitworth & Foscue ; succeeded by First Nat'l Bk.
<b>WAS. T.</b>	Dayton.....	First Nat'l Bank ; went into voluntary liquidation March 16.
<b>WIS.</b>	Beloit.....	Citizens' Nat. B. ; went into voluntary liquidation March 11.

— WE are a great people. Since 1867 we have built the Intercolonial, enlarged the canals, and constructed the Canadian Pacific—works involving an outlay of not less than \$140,000,000. Yet, before we have had time to take breath after these heroic efforts, two more schemes are launched which would probably cost \$50,000,000, viz., the Hudson's Bay Railway and the Ottawa and Lake Huron Canal.—*Toronto Mail.*

## CHANGES OF PRESIDENT AND CASHIER.

*(Monthly List, continued from March No., page 713.)*

<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY, Lincoln Nat'l Bank, New York City.	W. T. Cornell, <i>Cas.</i> .....	Jos. W. B. Edgar.
" .. Sixth Nat. B'k, New York City.	Chas. Frothingham, <i>V. Pr.</i> .....	
ALA.... Mobile Savings Bank, Mobile..	W. J. Hearin, <i>Pr.</i> .....	Thos. Henry.*
" .. First National Bank, Opelika..	N. P. Renfro, <i>V. Pr.</i> .....	
CAL.... Consolidated National Bank, San Diego.	Bryant Howard, <i>Pr.</i> .....	O. S. Witherby.
	Geo. W. Marston, <i>Cas.</i> ...	Bryant Howard.
CONN... Mystic National Bank, Mystic..	N. M. Galley, <i>Pr.</i> .....	S. H. Wheeler.*
" .. Windham Nat. B., Willimantic.	H. C. Lathrop, <i>Cas.</i> .....	S. Bingham.
DAK.... Minnehaha County Bank, Valley Springs.	A. E. Hull, <i>Pr.</i> .....	W. Jacobson.
	J. M. Bailey, <i>Cas.</i> .....	A. McGrath.
FLA .... First Nat. Bank, St. Augustine.	B. F. Oliveros, <i>V. Pr.</i> .....	
GA. .... Milledgeville Banking Co., Milledgeville.	B. T. Bethune, <i>Cas.</i> .....	G. T. Weidenman.
ILL.... Workingmen's Banking Co., East St. Louis.	Anthony Isch, <i>Cas.</i> .....	Geo. W. Dausch.
" .. Elgin City Banking Co, Elgin..	Andrew Hawkins, <i>Cas.</i> ...	S. S. Mann.
" .. Farmers' National Bank, Knoxville.	J. Z. Carns, <i>Cas.</i> .....	O. G. Smith.
" .. Spring Valley National Bank, Spring Valley.	H. L. Bailey, <i>Ass't.</i> .....	J. Z. Carns.
	E. N. Saunders, <i>V. Pr.</i> ...	
IOWA... Merchants' National Bank, Des Moines.	A. Howell, <i>V. Pr.</i> .....	T. Mitchell.
" .. First Nat. B'k, Grundy Center.	Aaron Wolf, <i>V. Pr.</i> .....	A. Branaman.
" .. Humboldt County Bank, Humboldt.	H. J. Ketman, <i>Pr.</i> .....	John Dickey.
	M. H. Stoddard, <i>Cas.</i> .....	S. H. Brewer.
" .. Bank of Newmarket.....	C. B. Hutton, <i>Cas.</i> .....	O. A. Cramer.
" .. First National Bank, Newton..	J. H. Lyday, <i>Pr.</i> .....	F. T. Campbell.
" .. Osage National Bank, Osage..	J. W. Annis, <i>Ass't Cas.</i> .....	
" .. Hamilton Co. Nat'l Bank, Webster City.	J. W. Funk, <i>Act'g. Cas.</i> ...	O. K. Eastman.
KAN.... First National Bank, Independence.	E. P. Allen, <i>Pr.</i> .....	W. S. Brown.
	G. L. Remington, <i>V. Pr.</i> ...	M. J. Paul.
" .. German National Bank, Newton.	J. H. Spencer, <i>Cas.</i> .....	W. E. Otis.
	Alan L. Reid, <i>V. Pr.</i> .....	
" .. First National Bank, Pittsburg.	E. A. Schmidt, <i>Ass't Cas.</i> .....	
	John R. Lindburg, <i>V. Pr.</i> ...	
" .. First National Bank, St. John..	Wm. Babcock, Jr. <i>Ass't.</i> .....	
	John Henry Rohr, <i>V. Pr.</i> ...	
KY.... First Nat'l B'k, Elizabethtown.	S. R. Robertson, <i>Cas.</i> ....	J. S. Grimes.
ME.... Casco National Bank, Portland.	J. S. Winslow, <i>V. Pr.</i> ....	G. P. Westcott.
MD.... Third Nat'l Bank, Baltimore..	Wm. H. Crawford, <i>Pr.</i> .....	Thos. Y. Canby.*
" .. Merchants' National Bank, Baltimore.	D. H. Thomas, <i>Pr.</i> .....	A. H. Stump.*
	E. H. Thomson, <i>Cas.</i> .....	D. H. Thomas.
MASS. .. Lawrence Nat. Bank, Lawrence.	H. L. Sherman, <i>Ass't.</i> ....	
" .. Pacific Nat'l Bank, Nantucket..	Albert G. Brock, <i>Cas.</i> ....	Chas. H. Coffin.
" .. Third National Bank, Springfield.	Fred. H. Harris, <i>Pr.</i> .....	J. C. Parsons.*
	Fred. Harris, <i>Cas.</i> .....	Fred. H. Harris.
MICH... National Bank of Battle Creek.	James Boughton, <i>Cas.</i> ...	
" .. First National Bank, Calumet..	Aaron F. Leopold, <i>V. Pr.</i> ...	
" .. Merch'ts & Manuf'rs Nat. Bk., Detroit.	H. L. O'Brien, <i>Cas.</i> .....	F. Martin.
MO.... First Nat. Bank, Kansas City..	W. McDonald, <i>V. Pr.</i> ....	
" .. International Bank, St. Louis	Aug. Straub, <i>Pr.</i> .....	W. C. Lange.*
	Adam Herthel, <i>Cas.</i> .....	W. C. Lange, <i>Act'g.*</i>

\* Deceased

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
NEB....	Exchange Bank, Atkinson. . .	J. S. Bartley, <i>Pr.</i> .....	M. P. Kinkaid.
" ..	State Bank, Blue Hill. ....	Howard Miller, <i>Cas.</i> .....	H. W. Robinson.
" ..	First National Bank, Broken Bow. . .	J. S. France, <i>Pr.</i> .....	J. A. Dodds.
" ..	State National Bank, Lincoln..	B. Lombard, Jr., <i>V. Pr.</i> .....	.....
N. H....	Manchester National Bank, Manchester. . .	O. P. Perley, <i>Ass't.</i> .....	.....
N. J....	Camden Safe Dep. & Tr. Co., Camden. . .	C. E. Waite, <i>Ass't Cas.</i> ..	W. R. Alexander.
N. Y....	Chester National Bank, Chester. . .	E. H. Paine, <i>Cas.</i> .....	W. M. Parker. ....
" ..	Ellenville Sav'gs B., Ellenville..	Walter M. Parker, <i>Ass't.</i> .....	.....
" ..	Ilion National Bank, Ilion. ....	Peter L. Voorhees, <i>Pr.</i> ... J. B. Dayton.*	.....
" ..	Walden National B'k, Walden. .	Hiram Tuthill, <i>V. Pr.</i> ....	.....
OHIO...	Morrow Co. National Bank, Mount Gilead. .	Jonas D. Millsbaugh, <i>Cas.</i> ..	Henry Masterson.*
PA.....	Chester Bank & Saving Fund, Chester. . .	Geo. B. Childs, <i>Treas.</i> ....	Geo. A. Dudley.
" ..	Merchants & Farmers' Nat. B., Greensburgh. .	John Hoefler, <i>V. Pr.</i> ....	C. Remington.
" ..	National Bank of Malvern, Philadelphia. .	W. C. Stevens, <i>Cas.</i> .....	W. G. Rutherford.
" ..	Spring Garden National B'k, Philadelphia. .	Geo. F. Wolcott, <i>Cas.</i> ....	X. C. Stewart.
" ..	Citizens' Nat. B. of Washington, Chas. Heilman, <i>V. Pr.</i> ....	Robert Baker, <i>V. Pr.</i> ....	.....
R. I....	Producers' N. B., Woonsocket. .	J. A. Campbell, <i>Cas.</i> ....	Ben. F. Young.
S. C....	Carolina Savings Bank, Charleston. .	J. A. Marchand, <i>Pr.</i> ....	T. H. Irwin.
TENN..	National Bank of McMinnville..	T. H. Irwin, <i>V. Pr.</i> ....	J. A. Marchand.
TEX....	First Nat'l Bank, Lampasas... .	John M. Wilson, <i>Pr.</i> ....	J. Jeanes.
" ..	First National Bank, Burnet... .	H. G. Sickel, <i>V. Pr.</i> ....	.....
" ..	Merchants & Planters' Nat. B., Sherman. . .	J. W. Donnan, <i>Pr.</i> ....	G. W. Roberts.
VT. ....	First National Bank, Chelsea..	Chas. E. Thomas, <i>Pr.</i> ... C. Nourse.	.....
WAS. T.	First National Bank, Pomeroy. .	G. W. Williams, Jr., <i>V. P.</i> .....	.....
		J. D. Kelly, <i>Cas.</i> .....	G. W. Williams, Jr.
		W. H. Magness, Jr., <i>Ass't.</i> .....	.....
		J. S. Letcher, <i>V. Pr.</i> ....	J. M. Malone.
		W. H. Boggess, <i>Act'g Cas.</i> .....	.....
		Tom Randolph, <i>Pr.</i> ....	C. C. Binkley.*
		C. B. Dorchester, <i>Act'g C.</i> ..	Tom Randolph.
		C. S. Emery, <i>Cas.</i> .....	J. L. Bacon.
		Elmon Scott, <i>V. Pr.</i> ....	.....

\* Deceased.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from March No., page 711.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3462	First National Bank..... St. Augustine, FLA.	John T. Dismukes,	George W. Gibbs,	\$ 50,000
3463	First National Bank..... Pittsburgh, KAN.	T. Judson Hale,	Chas. P. Hale,	50,000
3464	First National Bank..... Lincoln, KAN.	J. T. Smith,	E. W. McJunkin,	50,000
3465	Spring Valley National Bank... Spring Valley, ILL.	Chas. J. Devlin,	Michael Barton,	50,000
3466	First National Bank..... Sulphur Springs, TEX.	J. L. Whitworth,	Phil H. Foscue,	50,000
3467	First National Bank..... St. John, KAN.	Wm. B. Thompson,	Royal W. Thompson,	50,000
3468	Spring Garden National Bank... Philadelphia, PA.	Francis W. Kennedy,	Henry H. Kennedy,	500,000
3469	First National Bank..... Orlando, FLA.	Chas. Joy,	J. H. Vivion,	50,000
3470	First National Bank..... Ocala, FLA.	Enoch Agnew,	Alex. McIntyre,	50,000
3471	Boise City National Bank..... Boise City, IDAHO.	H. Wadsworth,	Alfred Eoff,	50,000
3472	Exchange National Bank..... Osborne, KAN.	W. W. Watson,	S. P. Crampton,	60,000
3473	German National Bank..... Newton, KAN.	J. A. Randall,	W. H. Clarke,	60,000

# FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, MARCH, 1886.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in March.						
GOVERNMENTS.		Interest Periods.	Open- ing.	High- est.	Low- est.	Close- ing.
4½, 1891.....reg.		Mar.	112½	112½	111½	112½
4½, 1891.....reg.		Quarterly	112½	112½	111½	112½
4½, 1891.....reg.		Jan.	126½	126½	124½	126½
4½, 1891.....reg.		Feb.	127½	127½	125½	127½
4½, 1891.....reg.		Mar.	127½	127½	125½	127½
4½, 1891.....reg.		Jan.	126½	126½	125½	126½
4½, 1891.....reg.		Feb.	126½	126½	125½	126½
4½, 1891.....reg.		Mar.	126½	126½	125½	126½
4½, 1891.....reg.		Jan.	126½	126½	125½	126½
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## NOTES ON THE MONEY MARKET.

## A FINANCIAL AND COMMERCIAL REVIEW.

March came in like a bull and has gone out like a bear. Its typical winds and weather have not been confined to the physical, but have extended to the commercial and financial world. The improved conditions, existing at the beginning of the month, in most of our markets, have given way to the old bear influences—which it was hoped had passed away, during the month of February to stay—because of new and unexpected elements of depression that have entered into the situation during the past month. Indeed, the March winds and weather have been more violent and severe in business, than in atmospheric conditions. The gales that swept the earth and the high seas at the rate of over 75 miles per hour, carrying destruction with them on land and water, were not so terrific nor unusual as those which have swept away, or paralyzed the business of the country. The most terrible of them, and the most destructive, have been the labor troubles which have assumed such vast and serious proportions as have never been experienced in this or any other country. While the breach of the peace and the violent destruction of property were greater during the Pittsburgh railroad riots in 1877, the danger to the peace and good order of the whole country, instead of to one city, and the loss of property by the blockade of railroads, and the depreciation of their property, have been immeasurably greater than then. This depreciation, and this stoppage of traffic and business, have not been confined to the railroads and to the sections immediately affected. They have extended to the whole railway system and to the entire business of the country. They have not only decreased railroad earnings, and stopped the movement of goods to the interior and produce to the seaboard, but they have demoralized the entire industrial, commercial and financial interests of the United States. They have swept away the old basis of the relations between capital and labor upon which the value of all property rested, and have destroyed the confidence in these values for the future, which was returning so rapidly, since the beginning of the new year, and which is absolutely essential to an improvement in business. Hence, all that was gained in January, and more especially in February, has more than been lost in March. Confidence has been so rudely shaken, and it is a plant of such slow growth, that it will take much longer to restore than to destroy it. But until such restoration it is idle to look for general improvement in business. Before that can be brought about, however, the new basis upon which the future relations of capital and labor shall rest, must be established in place of the one destroyed. This can only be done by the consent of both, although they can be destroyed by either. Some of the seeds of the conflict between these two great forces of civilization have been sown in the false capitalization of too many of the railways of the country. Over-capitalization has produced under-pay of the labor of the country to an equal extent, in order to earn interest and divi-

dends on bonds and stocks that do not and never did represent one dollar of real value, beyond the paper on which they were printed. This seed has taken such deep root during its growth of a quarter of a century, that it can only be eradicated by an heroic effort. In prosperous times, a part of the sum needful to pay interest on watered capital, is collected out of the commerce of the country that passes over these roads. When times are bad and there is not enough commerce to keep them employed, and they are compelled to fight each other for a share of that little, at an unremunerative rate, then wages are reduced. Strikes are a natural outcome of this state of things.

There are anarchists, however, in these labor organizations, as bad as any who control the railroad corporations of the country, and both would prefer violence and force, by which neither could suffer as much as from an honest and peaceful settlement of these great wrongs that largely have caused these bad times, and are continuing them by this refusal to accept the inevitable and make peace and friends with the men in whose hands and at whose mercy both they and their property are and always must be. The very strength of the labor organizations, their unity of action and patient endurance, demand respect and consideration, as well as the removal of their wrongs. To do this will make them the staunchest friends of order and of a Government that protects their rights, while they would be the strongest possible bulwark against the corporate and social anarchists who will yet secure control of the organizations of capital and labor and plunge the country into another civil war, if the present condition of things is allowed to remain, and drift from bad to worse, until the conservative elements of labor are unable longer to restrain the disorderly members who have crept into their organizations. This crisis was fast approaching when their head and balance wheel, Grand Master Powderly, threw himself and all his influence into the widening breach of peace. It was the fear that this control might be lost which has paralyzed trade and changed the bull situation of a month ago into the increasingly bear situation that now exists. Every day's delay increases the danger of collision, and the press and public opinion should be outspoken enough to reduce both parties to these contests to arbitrate, until Congress can pass a National arbitration law which shall compel the settlement of all these troubles between capital and labor without recourse to strikes or lock-outs, both of which should be made punishable as a criminal offense against peace, property and person. When it is considered that there is not a market, or interest, or value that has not been affected, directly or indirectly, by these railroad strikes, and most of them seriously, the importance given above to this subject will not be regarded as exaggerated.

Next in importance to the strikes are the changed and rapidly-changing conditions of the money market, the banks and sterling exchange. The outflow of gold that has been so long feared began in large volume during the past month, and was checked at the close chiefly by the renewed European demand for our railroad securities, for the first time since Mr. Vanderbilt's death. But this item on the credit side of the account was only purchased by an infinitely larger item on the debtor side, in the heavy break in stocks, on the strikes, which stimulated this export demand for these securities. Exports of produce have also increased at the

lower prices caused by the strikes, in great part, while our imports have fallen off. Whether these improved conditions at the close will prove only temporary is one of those questions time only can answer. At the same time the bank reserve has run lower than for nearly two years, and was rapidly decreasing with the exports of gold, the expansion of loans on pooled stocks, and an increased demand from the West for currency, on which Western banks have drawn down their balances in New York to a low figure. During the last week of March, however, the banks called in loans quite sharply at the stock exchange, alarmed by this rapid decline in their reserves to the serious detriment of the pools which had been bulling and carrying enormous blocks of stocks on an easy money market.

In this connection it is now generally believed that the pool formed in trunk line stocks last summer, upon the West Shore reorganization, has at last been compelled to liquidate, or has done so voluntarily and to a large extent, finding it could neither bull the market on the proposed Reading reorganization nor hold it against the strikers and the steady downpour of investment stock, much of which is believed to have come out of the private boxes of the most wealthy members of that pool, whose knowledge of the affairs of the roads of which they are the managers is said to have made constant sellers of the trunk line stocks since Mr. Vanderbilt's death. It is even said that the members of his family had gotten pretty well out of Lake Shore before the break came and it had passed its dividend, and that they have reduced their holdings in their other lines, preparatory to a trip abroad, from which, it is said by well-informed parties, will date their gradual withdrawal from active interest in the Vanderbilt roads, with a view to a life of travel and leisure, leaving the control in the hands of President Depew.

The syndicate scheme for the reorganization of the Reading companies, explained in last number, has been revived by the addition of Mr. Corbin to the syndicate, without having modified it to suit the views of Mr. Gowen, whom he was supposed to represent. This has resulted in Mr. Gowen's putting forward the Reading manager's plan of reorganization, in carrying out which he is said to have their united official and financial support, as well as that of strong rival interests of the Pennsylvania Railroad, including the South Pennsylvania, the Baltimore & Ohio, Jersey Central, and Corbin system, by which a trunk line to the West in the Reading, a competitor of the Pennsylvania Railroad to Pittsburgh, and a New York outlet for the Baltimore are to be secured. Besides this formidable opposition to the syndicate, another, headed by Messrs. Joseph Wharton and Kemble, representing other than general mortgage bondholders, was made public at the end of the month, while the opposition to the syndicate in Philadelphia, where more of the Reading securities are held than anywhere else, is more deep-seated and general than appears from the utterances of the press of that city. There is also serious and growing dissatisfaction in the Board of Reorganization trustees, and a split there is looked for by the friends of Mr. Gowen.

Meantime the alleged objective purpose of the syndicate in reorganizing the company has been accomplished—on paper, at least, in a so-called coal combination, which has advanced the price 25 cents per ton, and proposes another one of 25 cents. The coal trade, however, was doing better prior to

this action in consequence of the bituminous supply being exhausted on account of the strikes in those fields. Besides, the eastern spring trade is opening more active than usual, stimulated by the very low prices, talk of higher, and light stocks in New England. The iron trade has been checked somewhat by the tariff agitation until its defeat for this session became certain, since when the labor troubles have affected it unfavorably. But, on the whole, this is the most active manufacturing industry, except the cotton, in which the mills are in many cases sold ahead, while the woolen manufacturers are working full time on a steady demand and market. The dry-goods trade, however, has been seriously checked by the stoppage of the southwestern railroad systems by the strikes, as this is the active spring season for Texas and west of the Mississippi River.

The increase in exports noted, has been largely of corn, which has broken 10 cents from the highest point in February, under enormous receipts until the latter part of the month, when the strikes shut receipts off here as well as West. Wheat has gone out more freely, though we have been unable to fill some prompt continental orders, because of the scarcity of, and advance in ocean freight, which has been absorbed by corn. Cotton has reacted with corn and wheat from the February boom, and rather more export business has been done in that as well as in corn and wheat on the reaction. Flour, and in fact the whole breadstuff's list, as well as that for provisions, has fallen back to about the lowest points all around, before the February rise. At the close, however, barring the strikes and the small bank failures in the Northwest, the whole line of speculative markets acted more like advancing on any bull influence which seems likely to be found in the compromise of the strikes and in European complications.

The reports of the New York Clearing-house returns compare as follows:

1886.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Mar. 6.	\$354,530,900	\$89,732,600	\$31,665,700	\$393,299,600	\$7,882,500	\$23,073,400
" 13.	358,888,500	87,263,000	32,194,700	395,374,600	7,690,500	20,614,050
" 20.	359,685,300	84,169,100	31,103,000	391,437,200	7,816,100	17,412,800
" 27.	356,058,600	79,084,600	28,778,700	380,264,600	7,989,600	12,794,650

The Boston bank statement is as follows:

1886.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Feb. 27.	\$155,201,900	\$11,015,500	\$2,645,200	\$115,997,900	\$19,439,200
Mar. 6.	154,879,400	10,982,900	3,352,700	114,636,100	19,452,200
" 13.	155,874,500	10,944,200	3,288,800	115,271,300	19,226,500
" 20.	155,551,900	10,783,500	3,309,700	114,592,400	19,170,400
" 27.	154,287,100	10,676,900	3,124,800	111,971,100	19,055,800

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1886.	Loans.	Reserves.	Deposits.	Circulation.
Mar. 6.	\$83,251,300	\$26,741,800	\$84,720,500	\$6,243,500
" 13.	83,770,800	26,590,500	85,704,300	6,236,500
" 20.	84,299,100	26,588,800	85,815,700	6,291,500
" 27.	84,903,100	25,571,000	84,461,900	6,352,000

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	March 1.	March 8.	March 15.	March 22.	March 29.
Discounts.....	4@5½	5@6	4½@5½	4@6	5@6
Call Loans.....	2@1½	2@1	2½@2	2@1½	3@2
Treasury balances, coin.	\$165,403,576	\$168,418,097	\$170,712,957	\$128,790,578	\$128,109,063
Do. do. cur.	\$13,646,223	\$14,480,532	\$13,590,826	\$47,450,010	\$49,530,600

Sterling exchange has ranged during March at from  $4.87\frac{3}{4} @ 4.89\frac{1}{4}$  for bankers' sight, and  $4.86 @ 4.87\frac{3}{4}$  for 60 days. Paris—Francs,  $515 @ 513\frac{1}{4}$  for sight, and  $517\frac{1}{2} @ 516\frac{1}{4}$  for 60 days. The closing rates of the month were as follows: Bankers' sterling, 60 days,  $4.86 @ 4.86\frac{1}{2}$ ; bankers' sterling, sight,  $4.87\frac{3}{4} @ 4.88\frac{1}{4}$ . Cable transfers,  $4.88\frac{1}{4} @ 4.88\frac{3}{4}$ . Paris—Bankers', 60 days,  $517\frac{1}{2} @ 5.16\frac{1}{2}$ ; sight,  $5.15 @ 5.14\frac{3}{4}$ . Antwerp—Commercial, 60 days,  $520 @ 519\frac{3}{4}$ . Reichmarks(4)—bankers', 60 days,  $95\frac{3}{4} @ 95\frac{1}{2}$ ; sight,  $95\frac{3}{4} @ 95\frac{1}{2}$ . Guilders—bankers', 60 days,  $40\frac{3}{4} @ 40\frac{1}{8}$ ; sight,  $40\frac{1}{8} @ 40\frac{3}{8}$ .

## DEATHS.

BINKLEY.—On March 16, aged sixty years, C. C. BINKLEY, President of Merchants & Planters' National Bank, Sherman, Texas.

CANBY.—On March 5, aged eighty-one years, THOMAS Y. CANBY, President of Third National Bank, Baltimore, Md.

CASE.—On March 14, aged sixty-four years, JOSIAH CASE, President of National Bank of Vernon, N. Y.

DAYTON.—On March 9, aged sixty-five years, JAMES B. DAYTON, President of Camden Safe Deposit & Trust Co., Camden, N. J.

DUDLEY.—On March 3, aged seventy-five years, GEORGE A. DUDLEY, Treasurer of Ellenville Savings Bank, Ellenville, N. Y.

HENRY.—On March 16, M. W. HENRY, Vice-President of First National Bank of Akron, O.

JEWELL.—On February 23, aged seventy-seven years, ALEX. M. JEWELL, President of Hubbard National Bank, of Hubbard, O.

KELSEY.—On March 22, aged seventy-eight years, GEORGE W. KELSEY, President of Dime Savings Bank, Brooklyn, E. D., N. Y.

LANGHE.—On March 15, aged fifty-five years, W. C. LANGHE, President and Acting Cashier of the International Bank, St. Louis, Mo.

MARTIN.—On March 18, aged seventy-seven years, HENRY H. MARTIN, President of Albany Savings Bank, Albany, N. Y.

MASTERSON.—On March 6, aged thirty-four years, HENRY MASTERSON, Cashier of Chester National Bank, Chester, N. Y.

NOURSE.—On March 1, aged seventy-five years, the HON. CHARLES NOURSE, President of the Produce National Bank of Woonsocket, R. I.

"While looking on at a fire which had broken out in the counting-room of the Social Manufacturing Co., he became so excited that an attack of paralysis came on, which so prostrated him that he died almost instantly. The deceased gentleman held several offices of trust, including that of President of the Produce National Bank. He was also a State Senator, and the First President of the Business Men's Association."—*N. Y. Times*.

PARSONS.—On March 12, aged seventy-two years, JOSEPH C. PARSONS, President of the Third National Bank, Springfield, and the City National Bank, Holyoke, Mass.

SPEAR.—On March 13, aged fifty-nine years, CHARLES SPEAR, Vice-President of National Shoe & Leather Bank, New York City.

WHEELER.—On March 6, aged seventy-four years, STEPHEN WHEELER, President of Mystic National Bank, Mystic, Conn.

THE  
BANKER'S MAGAZINE  
AND  
Statistical Register.

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VOLUME XL.

MAY, 1886.

No. II.

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LABOR AND BUSINESS.

The complaint is heard everywhere that business is retarded by the attitude of the workingman. This striking disposition, now so prevalent, is unsettling plans and calculations. Yet like many causes pertaining to business the effects from this cause are in our opinion very considerably exaggerated. It seems to be one of the tendencies of business nowadays to exaggerate the probable effects of nearly all causes. While it is a correct and necessary way of doing business to discount future causes and effects, yet, of course, excessive calculations lead to error, and it is certain that this tendency is very strongly and generally developed. The strikes have unsettled business to some degree, yet by far too much importance has been given to them. They have not been general, nor, except in a few cases, have they been very protracted, and it is a grave exaggeration to ascribe the not altogether favorable state of business everywhere to these untoward events.

The most serious aspect of these labor troubles it seems to us is in connection with building operations, or those where contracts are to be made, the execution of which require considerable time to fulfill. It is unquestionably true that in many of these cases the contractors are unwilling to go to work because of the fear of loss in entering into such engagements. This is a positive loss all around. There are a great many men out of employment who are eager for work. There are very many who would like to build houses, factories and other structures, and are deterred by this feeling of uncertainty in the minds of the laboring classes. If they would at once become calmer and see their own interests and understand clearly how they

would be promoted by a greater fixity of rates of wages they would promote their own interests and pave the way at once for a revival of the building industry.

While all these things are true, it is also true that the depression in business, which still continues to a marked degree, is largely due to over-production in many directions which, of course, is brought about by the very men who complain most over the hard times. They are therefore largely the authors of their own misfortunes. Had they been less eager to make money, and had they produced with less rapidity, the glut would not have taken place and the consequent depression would not have followed. Nothing more need be said on this point, because it is so well understood.

The depression would have been cured far more speedily had there been a more manifest disposition to understand and look squarely in the face the causes of it, and to apply the remedies which were evidently needful. Now, one of these remedies clearly enough consists in an equitable adjustment of prices on a lower basis. But every producer is desirous of getting the most he can and of beating every seller down. In other words, everybody is trying to be a little smarter and to get a little more than his fellow, and as long as this exists the industrial world will never get along very fast. This lies at the bottom of the whole matter. What is wanted is not necessarily high prices nor low prices, but a fair adjustment all around. When this is done, then, provided production be kept within proper limits, business is sure to revive. At present, however, a serious kind of war is seen in most all kinds of business. Every producer thinks that his gain depends on getting some of his rivals out of the market. He does not think of rendering a service for which he is entitled to a fair remuneration. This, however, is or should be the case. If, however, he is trying to do a business and render a service for which he is not fairly entitled to a profit he should not exist. Otherwise, he is a useful member of the community, and the unhealthy competition existing to drive him out of it, or on his part to drive out some other, ought to cease. We ought not to hear any more of the desirability of low prices or high prices, but rather of the desire to do for mankind in the numberless ways that are open to us with the expectation of getting a fair reward for the product or service given. This is one of the indispensable conditions to healthful prosperity. The feeling now existing that success means crowding some one out, that the world is not big enough or rich enough wherein all can live, is a most depressing and unhealthy feeling. Is it true? Have we reached the stage that there is not work enough for all? that a considerable portion must starve, or live on the charity of others? If this be so, then it is worth while seriously to consider the extent of this truth, and make the best provision for all the world we can. If, on

the other hand, it be not true, if the world be large enough to maintain all in comfort and decency, why not for the good of every person and business endeavor as speedily as possible to so adjust business and labor of all kinds and prices that every man may have a chance to get a living. Were this done the depression and unhappiness now prevailing in consequence of so much idleness and unemployed capital would pass away.

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### APPOINTMENTS BY THE UNITED STATES TREASURER.

It was reported a few days ago that Mr. Jordan, United States Treasurer, insisted on having the power to appoint the several clerks employed in his office. The reason for wanting this power is, as he is obliged to give bonds for the faithful performance of his office he ought to have the power to appoint and discharge those who are to work under him. In consequence of this demand he has been accused of unfaithfulness to the civil service reform, or of a permanent tenure of office. While heartily believing in a thorough execution of the civil service regulations, we are equally sure that the Treasurer is right in his demand. It is worse than absurd to require him to give bonds on the one hand and then to deprive him of the power to appoint and discharge those who are to aid him in the administration of the duties of his office. One thing would seem to be as clear as anything can be, either to give him the power to appoint that he desires, or else to absolve him from giving a bond for the faithful performance of his office. To clothe him with the responsibility of keeping the public funds, and not to clothe him with the power to appoint and remove those who are to assist him, is a contradiction which he should not tolerate, and we rejoice over his reasonable complaint. Those who have filled the office before him have urged the same as strenuously, and for the same reason. Nor is this claim of recent date. When Robert Morris was Superintendent of Finance, more than a hundred years ago, he not only made the same claim, but it was granted. He wrote to the President of Congress that inasmuch as he was responsible for the faithful performance of his office, he ought to have full authority to remove and make appointments. The Continental Congress at first hesitated to grant so much authority to him, but finally yielded. What was true in Morris' day is true, even more emphatically, now. Responsibility and the power to remove and to appoint go together, or should go together, and Congress, therefore, will act wisely, either in giving to the Treasurer the power he demands, or else in releasing him from his liability for the faithful custody and use of the public funds.



## THE LAW RELATING TO BANKS' AND THEIR DEPOSITORS.

A very important part of the business of banking consists in receiving, keeping and refunding the money of persons who are called depositors. It is our purpose to consider some of the legal relations existing between such persons and banking institutions.

*A bank may select its depositors.* A bank is not required, like a common carrier, to receive deposits regardless of its wish. It can exercise its will in receiving or declining them. Said Judge Sanford: "A bank is not bound to receive on deposit, or to keep, the funds of every man who offers money for that purpose. It may select its dealers and refuse such as it pleases. For the purpose of this selection the cashier appears to be the proper officer." (*Thatcher v. Bank of State of N. Y.*, 5 Sanf., p. 130.)

*The ordinary relation between bank and depositor is that of debtor and creditor.* Perhaps the law has not been better stated by any one than by Mr. Justice Davis in the case of the *Bank of the Republic v. Millard* (10 Wall., 152). "The relation of banker and customer, in their pecuniary dealings, is that of debtor and creditor. It is an important part of the business of banking to receive deposits, but when they are received, unless there are stipulations to the contrary, they belong to the bank, become part of its general funds, and can be loaned by it as other moneys. The banker is accountable for the deposits which he receives as a debtor, and he agrees to discharge these debts by honoring the checks which the depositors shall from time to time draw on him. The contract between the parties is purely a legal one, and has nothing of the nature of a trust in it. This subject was fully discussed by Lords Cottenham, Brougham, Lyndhurst and Campbell in the House of Lords, in the case of *Foley v. Hill*, and they all concurred in the opinion that the relation between a banker and customer, who pays money into the bank, or to whose credit money is placed there, is the ordinary relation of debtor and creditor, and does not partake of a fiduciary character, and the great weight of American authority is to the same effect." More than thirty years before Judge Cowen had said that "the bank takes money in the nature of a gratuitous loan, and charges itself with a debt absolutely due to the depositor." (*Commercial Bank of Albany v. Hughes*, 17 Wend., p. 100.) As this relation is established by depositing money with a bank, it follows that a bequest by a testator of all his debts will include the balance that may be due from his banker. (*Carr v. Carr*, 1 Mer., 541.)

*A bank, however, may become a trustee, factor or agent of the*

*depositor. And when this relation is created, the bank must obey the direction of the principal-depositor.* In a recent case of *The People v. the City Bank of Rochester* (96 N. Y., 32), a firm that had given a note which was to be paid there, gave a check for it, wherein the makers directed the bank to "pay to our note due, &c., the amount of the same." The bank charged the check to their account, and marked it "paid Nov. 3, 1882," at the same time making an entry in its books "to the effect that said note was paid Nov. 3, 1882." A second note which the firm had given was treated in the same manner. The bank, however, sold the notes and received the avails from the purchaser, but the firm was ignorant of this. On the other hand, the members supposed that the bank held and owned the notes. The bank having failed, a receiver was appointed, and the question arose, should he pay these notes. The Court said that the transaction in question was not between the bank and S. H. & F., who were the makers of the notes and depositors of the money, in their relation of debtor and creditor, nor in the irrelation of bank and depositor. "The object of the latter was to provide a fund for the payment of specific notes, and the engagement of the former was to apply that fund to such payment. Thus a trust was created, the violation of which constituted a fraud by which the bank could not profit, and to the benefit of which the receiver is not entitled. The checks \* \* were money assets in the hands of the bank, and were so treated by all parties; they were delivered to it with explicit directions to apply the proceeds on payment of the notes; those directions were assented to by the bank officer, and the checks collected from the general fund. From that moment the bank was bound to hold the money for and apply it to that purpose and no other. \* \* The bank was bailee, or trustee, but never owner. It is estopped from saying that all this is matter of book-keeping. It assumed a duty, and the receiver as its representative is bound by it. Nor does this obligation at all depend \* \* upon the question, when, where and to whom the notes were to be paid; whether presently or in the future is immaterial."

In another case Dixon delivered to Strauss his accommodation check, which was drawn on the Tradesmen's National Bank. Afterward Dixon informed Strauss that he had not the funds to meet his check. Accordingly, Strauss made his own check on another bank, by which it was certified, and delivered it to the Tradesmen's National Bank to pay the borrowed check of Dixon. The bank, however, did not apply the check as Strauss directed, but applied it so far as necessary to pay Dixon's indebtedness to the bank. Judge Daniels said that the fact clearly appeared that Strauss's check was deposited with the Tradesmen's National Bank to the credit of Dixon "solely for the purpose of paying the check

received from him. \* \* And the bank having so received it, understanding that to be the intent and object of its deposit, legally accepted the trust created by the transaction, and became obligated to appropriate so much of the plaintiff's check as should be required for that purpose to the payment of the check loaned to them by Dixon. It was not necessary for the creation of this obligation that the officers of the bank should expressly agree so to use and apply Strauss' check. The obligation to do that very clearly arose out of the delivery of the check to the bank with notice that such was the object of its delivery, without any concurrent promise on the part of the officers of the bank to carry that object into effect. Their conduct was such as to disclose their acquiescence in the purpose for which the check was delivered and received, and out of that the obligation plainly arose to apply its proceeds solely and specially as the plaintiff intended they should be applied. A trust to this extent was created in the plaintiff's favor, and the bank had no right or authority to use any part of the proceeds of the check for a different object. (*Strauss v. Traders' National Bank*, 36 Hun., 941.)

In another interesting case an action was brought by Baker & Wilson against the New York National Bank to recover the amount of a check drawn thereon by "C. A. Wilson & Bro., agents." The bank account against which the check was drawn represented trust moneys belonging to the principals for whom Wilson & Bro. were agents. The deposits to the credit of this account were made in the name of the firm with the word "agents" added. They were the proceeds of commission sales. Wilson & Bro. became insolvent in October, 1878, and they opened the account in this form for the purpose of protecting their principals, which purpose was known to the bank at the time. The check in question was drawn on this account in settlement for a balance due to Baker & Wilson on cash sales made by the drawers as their agents. "It is clear," said Judge Andrews, who delivered the opinion of the court, "upon the facts that the fund represented by the deposit account was a trust fund, and that the bank had no right to charge against it the individual debt of Wilson & Bro. The bank having notice of the character of the fund could not appropriate to the debt of Wilson & Bro., even with their consent, to the prejudice of Baker & Wilson."

To the objection that the action could not be maintained because the money deposited was not the specific proceeds of their goods, he said, conceding that Wilson & Bro. used the specific proceeds for their own purposes and their identity was lost, yet, when they made up the amounts so used, and deposited them in the trust account, the amounts so deposited were impressed with the trust in favor of the principals, and became substituted for the original proceeds and subject to the same equities. The objection was also made

that the deposit account represented not only the proceeds of the plaintiff's goods, but also the proceeds of other persons who had not been made parties to the action, and who should be before the controversy could be determined. To this objection the Court replied that the check operated as a setting apart of so much of the deposit account to satisfy the plaintiff's claim. It did not appear that the plaintiffs were not equitably entitled to this amount out of the fund, or that there was any conflict of interest between them and any other person or persons for whom Wilson & Bro. acted as consignees. The presumption, in the absence of any contrary indication, was that the fund was adequate to protect all interests, and that Wilson & Bro. appropriated to the plaintiffs only their just share.

When does this relation of agency, instead of the ordinary one of debtor and creditor, exist? Evidently it must be determined by the conduct of the parties in each case. To the foregoing cases more might be mentioned; in the next number the subject will be further considered.

ALBERT S. BOLLES.

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## RAILROAD DISCRIMINATION.

The *Philadelphia Record* not infrequently laments over the decline of commerce in that city, and ascribes the decline to a considerable extent at least to the action of the Pennsylvania Railroad Company in discriminating against the merchants of that city. It is perfectly true that the *Record* is not alone in this way of thinking. A great many merchants think likewise. Nor is this complaint shared by the merchants of Philadelphia alone. Other places from time to time have brought a similar charge against the Pennsylvania Railroad and other companies.

This is a very large subject, and all that we can do here is simply to throw out a few thoughts relating to it; and the first is, that railroad companies should, as far as possible, treat all shippers alike, big and little, wherever located, and then, whether they sink or swim, their failure would be ascribed to other causes than unjust action on the part of the transportation companies. This is the first principle to be kept in view in considering this question. It is true that modifications of this principle are needful, like every other relating to transportation; but regarding it as containing more truth than any other, we think that if it were applied that on the whole more justice would be done than is perhaps under the rules of transportation now prevailing. But, suppose it were the cardinal principle of transportation, how would Philadelphia fare? We maintain that Philadelphia is losing her commerce, not because a great railroad is treating her unjustly, but simply because the fates have

so ordained. New York City has a fine harbor, and easily reached; Philadelphia, on the other hand, is inland. The route is up a river with a crooked channel; and, in short, the navigation is longer and far more difficult and expensive. Now, this is one of the obstacles and by far the greater to the commercial prosperity of Philadelphia. The railroad companies should not be blamed, nor the merchants living there, for lack of enterprise, half so much as Nature herself. She has decreed against the city, and probably no effort on the part of all the railroad companies to counteract the obstacles which Nature has put in the way of success, would prove successful. This is about the whole story. Suppose, for example, that an iron manufacturer should erect an improved furnace, capable of making one thousand tons of pig iron per week, and suppose the owner of an old furnace having a capacity to make one quarter of this product, and located close by the other, should go to the railroad company with this complaint: "My rival has erected a furnace that will turn out as much pig iron per week as mine can in a month, you must, therefore, give me a lower rate for transportation, otherwise my furnace will be closed and you will lose all the trade I give you now." What should we think of a demand of this kind? Suppose the railroad company should be of a sympathetic nature (a curious supposition to make, of course), and should attempt to make up the difference or a part of it, by giving the latter manufacturer a better rate, what would we think of this proceeding? Would not we say at once that it was unjust to the new manufacturer? Would not we say that the railroad company was trying to prevent the public from getting the full benefit of the new improvement in pig iron manufacture. In short, could this proceeding on the part of the railroad company be justified by any principle? We think not. But it seems to us that it would be just as rational for the railroad company to make a lower rate to the unfortunate manufacturer, as it would be for the railroad company to make a lower rate for the less fortunate city of Philadelphia. The two cases are analogous.

Another side to this question may be briefly considered. The charter of the Pennsylvania Railroad Company is granted by the State of Pennsylvania. Does it follow, however, that because the charter is so granted that the company should attempt to discriminate in favor of the cities in the State as against those outside? Nothing of the kind. The charter is silent on that subject, and from this silence may be inferred, very properly we think, that it was the intention of the Legislature, or expectation rather, that the Railroad Company would serve all persons and places alike. No discrimination or injustice should be shown. It was expected that all shippers in all places would be treated in a fair and equitable manner, and if in thus dealing with them some flourish while others decline, no fault should be ascribed to the company.

## FINANCIAL FACTS AND OPINIONS.

A city paper (the *Times*, of April 5) says :

It is the feeling that, after all, when expenses become heavy, it is not by taxation, but by the issue of more United States notes, that they will be met. This it is which makes of every inflationist a hopeless squanderer of the public money.

In any rational classification, "squanderers of the public money" must be held to include those who vote to give up sources of revenue indispensable in order to balance expenditures and maintain the sacred pledges of the sinking fund, as well as those who vote in favor of unnecessary or extravagant appropriations.

If there are those who are "squanderers of the public money," wholly or principally in the hope that such squandering will be likely to result in an inflation from a further issue of United States notes, it would seem that those who deprecate such an inflation should combine to resist that degree of recklessness in either throwing away revenues or wasting them after they are received into the Treasury, which may create a necessity, or at any rate furnish a convenient pretext for more United States notes. We should be exceedingly glad to find anti-inflationists acting upon that view of the case, and, indeed, shall welcome support from any quarter and by whatever view it may be influenced, to the side of economy in public affairs, and of vigorously upholding the financial honor of country.

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Beaulieu, the editor of *L'Economiste Française*, estimates the decrease in the population of Paris, within three or four years, at 150,000. Beaulieu is more brilliant as a writer than exact as a statistician, and he is a little apt to bring figures to such results as will support the particular views he happens to be advocating at the time. But all accounts agree that the population of Paris is now declining, from the prostration of the industries which sustain it, and that the distress is increasing and constantly extending into new quarters. The *London Standard*, of March 4, says :

During the course of last year a new class, that of shop assistants and merchants' clerks, has been added, owing to the great depression in trade. The misery at present existing in Paris constitutes a fruitful source of danger for the future of the capital.

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As a city paper, the *Evening Post*, well observed a few weeks ago :

The greatest and most important fact in the whole financial situation is the depression of trade and industry in England and on the Continent of Europe.

So long as depression and low prices prevail in the markets on the other side of the Atlantic which take the bulk of our exports, we can expect nothing but slow sales and meagre returns in our foreign trade, and a continued pressure upon our agricultural interests. We must also reckon upon our own markets being flooded with European goods, sent here to be slaughtered because there is no sale for them at home. A change for the better can only come from a rise of general prices in Europe, or from the expenses of production here becoming so adjusted to the lowered rates at which products can be sold, that business can again move along with its normal activity. There is, probably very little which we can do to hasten the coming of either of these remedies, but we can avoid some follies which will delay their coming, such as attempting to drain away the gold of Europe. There is none of that metal now employed there as money which is not doing us more service where it is, than if it could be in any manner attracted this way. In the actual situation an import of gold from Europe would be a positive calamity.

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A city paper, the *Times*, of March 18, argues that "it is quite possible to make a very large use of silver in our currency without displacing gold at all." Its view is, that by paying off and canceling the greenbacks and suppressing all bank notes under \$10, we could make room for "a very large amount of silver, probably for the entire product of the mines of the United States not used in the arts, for from 15 to 20 years," and that if we coin no more silver dollars than we now do, they would not depreciate "for some twenty years." The *Times* adds, that while "this would not be in all regards the best policy, it would be infinitely better than unlimited coinage."

We are now coining 30,000,000 silver dollars annually, and assuming a continuance of the present production of our mines, and of the present gold price of silver, we should coin 40,000,000 annually, if our mints should take all our mines' produce, after deducting our consumption of silver in the arts. At that rate we should coin eight hundred million silver dollars in twenty years, and increase the total stock to (say) \$1,000,000,000. At that figure they would certainly not depreciate, but would, on the contrary, increase in value, with the greenbacks withdrawn and the gold in use remaining at the present amount, even if a circulation of \$200,000,000 of bank notes could be maintained of no lower denominations than \$10. In the case supposed, we should have at the end of twenty years a currency of only \$1,800,000,000, which increase from the amount we now have would not even approximately keep pace with the expansion of our population.

Our objection to the view of the *Times* is not that it overrates

the capacity of our circulation to maintain silver at a parity with gold, if the greenbacks are withdrawn and the bank notes are reduced, but that it seems to us to be wholly impracticable, in a political sense, to so diminish our paper circulation for the purpose of putting silver in its place. It is true that the silver-mining interests would have no reason to object to that procedure; but the truth plainly is, that that interest is a very insignificant force in the party which insists upon silver coinage in this country. The overwhelming majority of that party desire the coinage of silver dollars, not from any special regard to mining interests, but because they want the volume of money increased; and they will insist that such dollars shall be added to the present paper currency and not merely substituted for it, which would defeat the very object they have in view. The utmost which is possible to be done in respect to the greenbacks is to eliminate their legal-tender power, and it is not probable that even so much can be accomplished within any near period.

It is idle to indulge in illusions. The present silver coinage will go on, certainly until after another Presidential election, and the greenbacks will be neither withdrawn nor reduced, whatever may be done with their legal tender function. If the situation as thus stated, threatens the disaster of a depreciation of silver coins relatively to gold, it is the duty of those who are most interested in the soundness of financial affairs to endeavor to discover some compromise measure for which it will be possible to obtain majorities in Congress, and which will at the same time be efficient to ward off such dangers as may be impending.

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In respect to the general range of prices in Great Britain during the last ten years, 1880 was the only year in which prices were higher than during the preceding one. In respect to the fall during the last four years, a city paper (the *Evening Post*, of March 23) says :

The price of English wheat is now 37 per cent. lower at London than in 1882; of other articles, rice is 15 per cent. lower, coffee 15 per cent., refined sugar 15 per cent., and cotton 10 to 25 per cent., according to quality.

A letter in another recent number of the same paper gives a vivid account of the ruin of Jamaica, which it ascribes to the depression in sugar. It says that "business is practically dead all through the island," that "what were once large and thriving sugar plantations have been allowed to become ruinate," and adds:

The fact that some 17,000 of the laboring classes are now in Colon, finding employment on the Panama Canal, and that about 2,250 have died there, may be regarded as a very fortunate thing for Jamaica. Not one-third of the business premises in the best part of Kingston de-



stroyed by the disastrous fire of 1882 have been rebuilt! Whole blocks lie in ruins, a rendezvous for thieves and bad characters.

The Paris correspondent of the London *Economist* of March 13, describes the distress in all the French sugar-producing colonies, which has not gone the length of causing the abandonment of plantations as it has in Jamaica, but which shows itself in the losses of planters and of the colonial banks. The only bright spot in the sugar trade is found in the business of Spreckles, who is the thrice happy beneficiary of the Hawaiian treaty.

The importation of beef and mutton in cwts. into Great Britain during the past three years, was as follows:

	1883.		1884.		1885.
Beef.....	800,746	....	876,264	....	902,186
Mutton.....	237,618	....	502,374	....	571,646

These figures do not include the importation of live sheep and beeves.

Of the British imports of beef, about nine-tenths are from the United States, but of the mutton, only about one-fourteenth part. Between 1883 and 1884 nearly the whole increase in mutton imports was from Australia, and mainly from New Zealand. Between 1884 and 1885 the Australian mutton imports declined 64,000 cwts., but this was more than made good by increased imports from the Argentine Confederation.

It is stated that for a time after the import of fresh meat into Great Britain commenced, the retailers managed to keep up old prices, but that now, especially in the larger cities and towns, they have largely declined, which is a heavy blow to farm rents, already reduced by the decline in wheat. This last blow falls most severely upon Ireland, which is distinctively a grazing country, its export of living animals to England having gone as high as £10,000,000, or \$50,000,000, in prosperous years.

The immediate future of the beef and mutton import trade of Great Britain seems to depend largely upon the success of the movement to establish lines of steamers with refrigerating apparatus, between the La Plata countries, in South America, and England. The capacity of those countries to produce cattle and sheep at a nominal cost seems to be almost boundless.

Between April 9, 1885, and April 8, 1886, the Bank of Germany increased its gold from £17,560,000 to £19,318,155, and its silver from £15,240,000 to £17,181,195. The silver is a part of the reserves of the Bank, and is as completely its property as the gold is. In Germany the situation is different from what it is here. The silver thalers there are in no danger of being depreciated the

quantity being small and no more being coined. There is no distrust of them, and banks and bankers have no reason to be unwilling to hold them, provided they also have gold enough to meet calls. What causes the distrust here in the silver dollars, and the indisposition to hold any considerable quantity of them, is the existence of a law requiring their indefinite further coinage, and the belief that this will certainly cause their ultimate depreciation, and perhaps cause it within some near period.

The recent considerable accumulation of gold in the German Bank is generally ascribed in Europe to a fear of political complications from wars and threatened wars in the Balkan States. But, whatever may have caused it, the effect has been to assist in draining England of \$15,000,000 of gold since the beginning of the year, although the Bank of England has been able to keep its own metallic reserves intact, by drawing gold from the home channels of circulation.

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In the accounts of a large English farm it appears that the prices of the year 1885 were 31 per cent. lower for wheat, 12 per cent. lower for barley, 24 per cent. lower for wool, and 19 per cent. lower for live stock than the average prices of the preceding ten years. The prices of English wheat for the month of February, 1886, were the lowest for 125 years.

A city paper (the *Times* of April 11) says that "so far as wheat is concerned, the prevailing low price in England is due to the development of the wheat fields in India by British capital, rather than to competition from America." We have never seen in any accounts from India, and do not apprehend that it is true, that British capital has ever been embarked in the cultivation of wheat in that country, which has always been carried on in some parts of India, although now much increased since its export to Europe began. At the same time, British capital has effectively assisted the cultivation of the exported part of the Indian wheat crop in two ways: first, by aiding the construction of Indian railroads from the interior to the seaports; and next, by its enormous over-investments in iron and steel ocean steamships, which have abnormally reduced ocean freights, to the advantage of India and all other countries whose exports are heavy and bulky and are obliged to seek distant markets.

The Indian railroad system was started and largely developed before the export of Indian wheat was conceived to be possible, and even since it has been known to be not only possible, but profitable, not a single pound of British capital has been put into Indian railroads for the purpose of developing the raising of wheat or anything else. All the British capital which has so far gone into those railroads has been on guarantees of income by the In-

dian Government, and has been a mere matter of money-lending, and of somewhat usurious money-lending; and has been controlled by the individual interests of the lenders, and with perfect indifference to nationality and to the question whether the money loaned would develop countries under British control or countries wholly foreign. London has been as ready to loan in Brazil and the Argentine Confederation as in India, Canada, or Australia, provided it could do as well, security and profits both considered. It is their own interests that the lenders of that city look to, and not the interests of other people.

On the whole, we cannot see that the sudden appearance of India as a great supplier of wheat to the markets of the world is explained by either the construction of Indian railroads or by the cheapening of ocean freights. Other wheat-raising countries have been equally aided by the extension of the railroad system, and by the fall in the cost of moving wheat on the ocean. The explanation must be found in some cause peculiar to India, and it is the substantially universal opinion in Europe that it is the fact that while the currency of India has appreciated, rather than depreciated at home in purchasing power, a bill of exchange drawn against sales of wheat sent to England and other gold standard countries, will command 25 per cent. more in Indian rupees than it formerly would. How long this anomalous conjunction of the two things—a fall in the value of the rupee relatively to gold, and its sustained or somewhat increased value at home relatively to other things—can continue, is the problem.

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The statement for February, by Mr. Elliot, the Government Actuary, shows that, on the basis of the transactions of the New York Stock Exchange, the average price of the fours for the month gave the purchaser an annual interest of 2.524 per cent. on his investment, whereas the average price of the four and a-halves gave him only 2.162 per cent. The difference is .362 per cent. more annual interest in buying the fours than in buying the four and a-halves. This very decisively negatives the statement that Governments can always borrow money more cheaply on long loans than on short ones. That statement never had any foundation in actual observations and experience, or in sound reason. There is no general rule which is applicable. Whether a long or a short loan will command money at the most economical rate depends upon the special circumstances of the time. If the current rate of interest is so high that lenders think that a fall in it is more probable than a rise, they naturally prefer long investments at the rate actually prevailing. If the current rate is low, as it is at the present time, and if they have more hopes of a better rate than fears of a lower

one, they will naturally prefer short investments. The Government could to-day borrow great amounts of money at 2 per cent. per annum on one-year Treasury notes, or from deposits of savings subject to call.

The average net price of the fours during February—the seller receiving, in addition, the accrued interest—was 124.773, but the market was a rising one, and the net price on the last secular day of February was 126.741. The average net price of the four and a-halves during the month was 112.2, and on the last secular day was 112.962.

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The votes in the House, April 8, on suspending the coinage of silver July 1, 1889, if it is not generally remonetized in Europe before that time, was—yeas, 84; nays, 201. The Republicans divided—yeas, 51; nays, 67; and the Democrats divided—yeas, 33; nays, 134. On the question of passing a free coinage bill the vote was—yeas, 126; nays, 163. The Republicans divided—yeas, 30; nays, 91; and the Democrats divided—yeas, 96; nays, 72. The actual division was rather on sectional than on party lines. New England was solid against free coinage, and, with one exception, solid for suspension of the coinage in 1889. New York was solid, with one exception, against free coinage, and also in favor of suspension.

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The House Committee on Ways and Means, in reporting their tariff reduction bill, say that the National expenditure during the last fiscal year ending June 30, was \$305,830,970, including pensions, interest account and sinking fund, and they add:

Neither the actual needs of an economical administration of the Government, nor the patriotic expectations of the people, justify any increase of this enormous annual expenditure.

As the revenue of the last fiscal year was \$323,690,000, showing a surplus of \$17,859,736, and it appearing probable to the committee that the revenues will increase to \$335,000,000, they have thought it safe and prudent to frame and report a bill making reductions which they estimate at \$24,000,000.

It is the customs' revenue which is the most fluctuating, as the past history of it shows, and it must be admitted that as yet it has not declined. Our exports have fallen off largely, and with no prospect in sight that they will revive. But our imports continue as heavy as ever, so that the current favorable balance of our foreign trade has fallen below the well-known charges upon it, such as the interest on our foreign debts, &c. It is only by selling more American securities abroad than we buy, which is as impracticable as it is undesirable, that the existing heavy importations can

be maintained. No attention need be paid to stock-jobbing reports of brisk foreign markets for American bonds and railroad stocks. The latter are now practically unsaleable in Europe, and as to the general mass of our Government, State, municipal, and railroad bonds, they have a steady tendency to be brought home rather than to go abroad. Loanable capital is now nearly as cheap here as it is in Europe, and whatever difference exists is fast disappearing.

It is not only probable, but reasonably certain, that our importations—and, as a consequence, the tariff revenue—will before long fall off, and very seriously, although the internal revenue is likely to remain at its present figure.

As to the expenditures of the Government, we altogether agree with the Committee on Ways and Means that there is nothing in the "actual needs of an economical administration," or in the "patriotic expectations of the people," which justifies their increase beyond \$305,830,970; but it is idle to deny that there is imminent danger that they will be pushed far beyond that point. There are bills now pending in Congress, each of them certain to be passed in either the Senate or House, so that the only hope of defeating them is the chance that they may not command the support of both the Senate and House, sufficient to carry the annual expenditure above \$500,000,000. The Administration, which in certain senses represents one of the political parties, proposes no retrenchments, and has sent in estimates for the next fiscal year exceeding \$305,830,970 by many millions, and has specifically recommended large increases of the army and navy, and large assistance to Eade's ship railroad. The other political party has solemnly pledged itself, if the resolutions of a National nominating convention can be called solemn, to remove the present limitation on the Arrears of Pensions Act, which would involve an expenditure of \$150,000,000. Both the parties have just united in the House to pass a Mexican War pension bill, basing pensions not on wounds or disabilities, or even service, but pensioning everybody who ever enlisted for the war, even if he was discharged the next day by the termination of the war. This is going far beyond the liberality of the provisions of the Mexican War Pension Bill, voted on in the last Congress. It has since been stated in the Senate, and by a Senator who understands the subject, that if the precedent of the Mexican War Pensions Bill just passed by the House is applied to the survivors of the Union army in the Civil War, it will involve the Government in an *annual* expenditure of from \$150,000,000 to \$200,000,000. The Committee on Ways and Means must be an exceedingly hopeful body, if it supposes that general homilies upon the duty of economy, even if reinforced by "the patriotic expecta-



tions of the people," can be relied upon to defeat the flood of extravagant propositions which find supporters in Washington.

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The art and mystery of bookkeeping has never been more finely illustrated than in the official statements of the British National debt. Very astute persons have declared that nothing can be made of them beyond the general fact that it is a very large subject. A return of the debt year by year, from 1857-8 to 1884-5, has recently been published, and it shows a reduction from the first to the last-named fiscal year from £837,144,597 to £746,423,964, which is probably approximately correct. The British politicians determined sixty years ago that they would deal with their debt as a fixed institution, never to be made smaller, but they came also to another conclusion, to which they have adhered, that no permanent enlargement of it should be allowed. This has always been the doctrine of Gladstone, who has ruled so long in British financial affairs. The statement for 1857-8 included the most of the new £100,000,000 debt incurred in the Crimean War, and that has since been paid off.

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## THE CLEARING-HOUSE BUSINESS.

The decline which has marked the Clearing-house transactions of every year since 1881, continued during the earlier portion of 1885, and has reduced the totals for the year below the figures for 1884 by about  $6\frac{1}{2}$  per cent., although the gain in the last six months was at a rate which, extended over the entire year, would have shown a decided increase over 1884. Thus, for the first six months of the year, the clearings at twenty-six cities as given in the *Commercial and Financial Chronicle*, were in round numbers only 18 billions of dollars, while in the last six months they were 23 billions, an increase of about 28 per cent. During the year ending June 30, 1885, the clearings at these twenty-six cities amounted to only \$37,238,069,076, or less than in 1879. The climax of the depression was reached in the first half of 1885, and since that date a steady improvement extending through the first three months of 1886 has manifested itself. Three new Clearing-houses are in operation at Omaha, Denver and Galveston, respectively, of which two report. The record of 31 Clearing-houses for 1885 is as follows, the returns being official unless otherwise stated:

Clearing-house.	No. of Banks Asso- ciated.	Clearings.	Balances.	Total Clearings y'rs re- ported to date.	No. of re- ported.
New York.....	64	\$28,152,201,336	\$1,356,470,655	\$754,442,325,003	33
Boston.....	52	3,483,134,891	456,232,458	69,198,303,754	30
Philadelphia.....	32	2,374,490,313	224,874,959	50,822,671,244	28
Chicago.....	19	2,318,579,003	275,421,063	26,671,100,232	21
St. Louis.....	19	759,130,425	127,547,955	10,252,887,604	17
Baltimore.....	22	531,918,197	77,407,812	6,765,652,232	11
San Francisco.....	16	562,344,738	100,460,388	5,717,016,505	10
Cincinnati.....	20	445,250,350	*66,750,000	7,041,049,065	20
New Orleans.....	12	386,363,450	42,000,000	6,081,343,951	14
Pittsburgh.....	19	356,171,593	73,717,696	5,267,719,937	20
Providence.....	34	216,465,200	*43,000,000	1,812,952,500	9
Louisville.....	21	217,527,215	48,700,000	1,633,985,831	10
Milwaukee.....	10	186,502,812	31,811,092	2,479,295,222	17
Kansas City.....	8	223,389,419	35,499,647	915,146,213	12
Detroit.....	14	142,284,094	24,911,505	406,902,717	3
Minneapolis.....	11	†125,477,478	*31,600,000	326,034,098	3
St. Paul.....	11				
Cleveland.....	10	103,561,302	*24,700,000	807,606,152	9
Hartford.....	15	81,173,576	25,296,414	603,864,545	8
Indianapolis.....	8	65,235,339	10,936,134	1,002,556,413	15
Memphis.....	6	67,703,940	16,276,137	323,199,741	6
New Haven.....	10	55,023,975	12,790,614	452,736,014	9
Portland.....	6	45,896,089	8,879,271	277,682,786	6
Peoria.....	8	40,755,650	11,447,526	238,300,202	5
Worcester.....	8	38,551,145	11,453,428	579,905,838	25
Springfield.....	9	38,092,561	11,381,501	416,970,544	14
St. Joseph.....	5	36,271,906	9,489,426	207,629,011	9
Columbus.....	15	34,735,950	5,627,434	264,838,340	12
Norfolk.....	4			87,102,049	3
Syracuse.....	8	24,011,969	5,573,279	183,729,153	9
Lowell.....	7	23,666,289	7,757,753	207,708,195	10
Omaha.....	6				
Denver.....	7	20,400,588	2,708,713	20,400,588	1
Galveston.....	7	*34,000,000	*8,500,000	34,000,000	1
Total No. Banks in 34 Clear'g-houses. 523					
Total business 31 Clearing-houses..		\$41,240,310,793	\$3,189,223,760	\$955,542,615,679	
Total, 1884.....	494	44,091,569,447	3,244,759,256		
Outside N.Y., 1885.	459	13,088,109,457	1,832,753,105		
" " 1884.	431	13,105,698,277	1,772,897,842		
Estimate of clearings not reported.....				\$10,000,000,000	
				\$965,542,615,679	
Estimated balances to date.....				58,153,458,593	

Only the eleven Clearing-houses at Boston, Chicago, San Francisco, Milwaukee, Kansas City, Detroit, Minneapolis, Memphis, Portland, Springfield and St. Joseph, show any increase in their business transactions. At all the others business has been stationary or declining. The greatest decline was at Pittsburgh, 24 per cent., and the next heaviest loss was at New Orleans, 15 per cent.

Very little change has occurred in the personal management of the Clearing-houses. At Philadelphia Mr. John C. Boyd, for some years Assistant Manager, has become Manager, and at Cincinnati, Mr. George P. Bassett has retired after nineteen years of service,

\* Estimated. † From the Boston Post.

beginning with the establishment of the Association. The managers of several of our Clearing-houses can justly claim to be veterans in the service. Mr. Wm. A. Camp, of New York, heads the list with twenty-nine years' experience as Assistant and Manager. Mr. Robert Mickle, at Baltimore, has served twenty-seven years; Mr. N. G. Snelling, at Boston, twenty-five years as Assistant and Manager. Several others have served since the establishment of their respective Associations. The names of the Presidents and Managers of the various Clearing-houses, the term of service of the latter, and the date of establishment of the Association are given below:

	<i>Date of Establishm't</i>	<i>President.</i>	<i>Manager.</i>	<i>Term of service as Manager.</i>
New York ....	1853	G. G. Williams ....	Wm. A. Camp.....	21 years.
Boston.....	1856	James H. Beal.....	Nath'l G. Snelling....	8 "
Philadelphia..	1858	Joseph Patterson...	John C. Boyd.....	1 "
Chicago .....	1865	J. V. Clarke.....	Albert P. Smith.....	1 "
St. Louis .....	1868	Charles Parsons....	Edward Chase .....	15 "
Baltimore ....	1858	.....	Robert Mickle.....	27 "
San Francisco..	1876	John McKee.....	Charles Sleeper.....	8 "
Pittsburgh....	1866	John Harper.....	John M. Chaplin.....	7 "
Cincinnati....	1866	James Espy.....	Wm. D. Duble.....	1 "
New Orleans..	1872	Joseph H. Oglesby..	Isaac N. Maynard....	14 "
Providence....	1866	.....	J. W. Vernon.....	
Louisville....	1876	.....	C. E. Jackson.....	
Milwaukee....	1868	D. Ferguson.....	Clinton McClarty....	10 "
Kansas City ..	1873	J. S. Chick.....	T. L. Baker.....	17 "
Detroit.....	1883	H. P. Baldwin.....	J. W. Ripley.....	2 "
St. Paul .....	1874	A. S. Cowley.....	F. W. Hayes.....	3 "
Minneapolis..	1881	S. E. Neiler.....	H. P. Upham.....	
Cleveland.....	1858	Truman P. Handy..	W. E. Burwell .....	
Hartford.....	1872	James Bolter.....	Louis Smies.....	3 "
Indianapolis..	1871	F. M. Churchman ..	G. F. Hills, <i>Sec.</i> ....	
Memphis.....	1879	S. P. Read.....	Wm. Wesley Woollen..	2 "
New Haven....	1873	Wilbur F. Day.....	Edward Goldsmith....	6 "
Portland.....	1865	.....	J. C. Bradley, <i>Sec.</i> ...	12 "
Peoria.....	1880	G. H. McIlvaine....	Wm. H. Hobbs.....	16 "
Worcester....	1861	Henry A. Marsh....	B. F. Blossom.....	5 "
Springfield...	1872	Charles March.....	L. W. Hammond.....	13 "
Columbus.....	1868	T. P. Gordon.....	A. B. West.....	13 "
St. Joseph....	1877	John Calhoun.....	John Field.....	7 "
Norfolk.....	1871	.....	John T. Johnson....	1 "
Syracuse.....	1874	T. J. Leach.....	W. S. Wilkinson.....	
Lowell.....	1876	John F. Kimball....	J. C. Chase, <i>Sec.</i> ...	
Omaha.....	....	Herman Kountze..	W. W. Johnson.....	2 "
Denver.....	1885	D. H. Moffat.....	W. H. S. Hughes.....	
Galveston....	1885	R. S. Willis.....	Wm. B. Berger.....	
			N. B. Sligh.....	

The only Clearing-houses known to keep a record showing the proportion of balances paid in different ways are New York and San Francisco. The mode in which balances were adjusted at these two cities in 1885 was as follows:



	<i>New York.</i>	<i>San Francisco.</i>
United States gold certificates.....	\$740,737,000.00 ..	—
Bank of America gold certificates.....	66,004,000.00 ..	—
U. S. legal tender Clearing-house certificates..	419,595,000.00 ..	—
Legal tenders and change.....	130,134,654.57 ..	—
Gold coin.....	— ..	\$49,165,388.52
Clearing-house certificates.....	— ..	51,295,000.00
	<hr/> \$1,356,470,654.57 ..	<hr/> \$100,460,388.52

At New York the balances were only 4.8 per cent. of the clearings, and less than one-tenth of this amount was actual cash, showing that the amount of actual cash handled at New York was less than one-half of one per cent., or about the same as in 1884, while at San Francisco the proportion of cash handled to clearings was nearly nine per cent. as compared with six per cent. in 1884.

The clearings at London during 1885 reached £5,514,071,000 as compared with £5,798,555,000 in 1884 of which £935,084,000 were the transactions on Stock Exchange clearing days as compared with £960,623,000 in 1884. At Manchester, England, the clearings were £111,791,156 as compared with £118,555,644 in 1884. At Newcastle-on-Tyne, England, the clearings were £32,027,320 as compared with £34,362,400 in 1884. The English Clearing-houses thus show, without exception, diminishing transactions.

The German Clearing-houses on the other hand show an increase of business. Their transactions, obtained through the courtesy of the United States Consul-General, at Berlin, were as follows:

	<i>No. of Pieces.</i>	<i>Total Amount of Deliveries.</i>	<i>Balances.</i>
		<i>Marks.</i>	<i>Marks.</i>
Hamburg.....	1,291,203	5,248,194,100	410,157,500
Berlin.....	191,567	3,060,399,000	1,617,132,100
Frankfort-on-Main.....	205,311	2,023,776,000	455,538,000
Cologne.....	138,737	561,811,900	222,652,000
Bremen.....	61,276	694,587,100	117,708,300
Leipsic.....	71,664	349,252,900	140,685,600
Stuttgart.....	69,561	303,412,300	159,211,300
Breslau.....	23,457	225,759,300	91,011,700
Dresden.....	32,673	87,251,700	55,815,200
Total, 1885.....	2,085,449	12,554,444,300	3,269,911,700
Total, 1884.....	1,979,012	12,130,196,100	3,121,842,800
Increase,.....	106,437	424,248,200	148,068,900

The only one of these Clearing-houses which shows any loss of business is that of Frankfort. There is one interesting feature in this record, the item giving the number of pieces handled, which it would be desirable to have incorporated in the returns of our own Clearing-houses, if practicable.

The Italian Clearing-houses also show a marked increase in their transactions. The following statistics, the growth in the business of these institutions by half years since 1882, have been kindly furnished by Professor Luigi Bodio, the eminent economist and Director-General of the Italian Bureau of Statistics at the request of the Mr. W. L. Alden, United States Consul-General at Rome:

<i>No. of Cl.-houses.</i>	<i>No. of Associates.</i>	<i>Clearings.</i>	<i>Balances.</i>	<i>Balances %.</i>
		<i>Lire.</i>	<i>Lire.</i>	
2d half 1882..	1 .... 42 ....	40,283,000	6,419,000	15.93
1st " 1883..	4 .... 397 ....	634,638,000	95,966,000	15.12
2d " 1883..	4 .... 421 ....	594,472,000	101,491,000	17.07
1st " 1884..	4 .... 408 ....	1,072,264,000	190,144,000	17.83
2d " 1884..	4 .... 422 ....	1,282,414,000	213,825,000	16.67
1st " 1885..	5 .... 454 ....	1,726,525,000	274,823,000	16.50
Total.....		5,350,596,000	882,668,000	16.87

The most important of the Italian Clearing-houses is that of Milan, and the next in order Leghorn. These two do about 93 per cent. of the whole business.

At Paris the clearings in 1885 were 3,983,149,285 francs, as compared with 4,264,712,991 francs in 1884.

The total transactions at the Vienna Stock Exchange Clearing-house are stated in the report of Mr. Isidor Kanitz, the Director, at 4,506,318,947 gulden in 1885, as compared with 5,319,297,059 gulden in 1884. No report has come to hand of the bank clearing-house.

At Melbourne, Australia, the clearings are reported by the Inspector, Mr. Chester Earles, as follows:

	<i>Inwards.</i>	<i>Outwards.</i>
Bank of Australasia.....	£20,605,149	£21,512,356
Union Bank of Australia, Limited.....	14,502,451	14,067,948
Bank of New South Wales.....	13,420,877	13,428,498
Bank of Victoria.....	20,685,825	20,060,485
London Chartered Bank of Australia.....	16,130,054	16,029,130
English, Scottish & Australian Chartered Bank	14,098,628	13,842,421
Colonial Bank of Australasia.....	13,479,382	13,022,413
National Bank of Australasia.....	20,532,557	20,215,896
Commercial Bank of Australia, Limited.....	24,109,955	24,160,391
City of Melbourne Bank, Limited.....	9,524,701	9,846,041
	£167,085,579	£167,085,579
Notes included in the above clearings.....		16,775,598
Checks etc., cleared.....		£150,309,981
Balances paid in vouchers.....	£15,361,000	
Balance paid in coin.....	5,735,667	
		21,096,667
Increase of clearing over 1884.....		18,277,988

The improvement in the business of the American Clearing-houses in the past fifteen months will be seen from the following monthly record, in millions of dollars:

<i>1885.</i>	<i>New York.</i>	<i>Boston.</i>	<i>Other Cities.</i>	<i>26 Cl. Ho. U. S.</i>
January.....	2185.4	297.2	825.0	3307.6
February.....	1900.2	232.7	636.8	2769.7
March.....	2012.8	261.4	709.7	2983.9
April.....	1868.0	277.2	751.9	2897.1
May.....	1997.8	260.0	736.1	2993.9
June.....	1922.3	276.8	771.4	2970.5
July.....	2376.1	294.3	800.9	3471.3
August.....	2041.1	245.9	697.3	2984.3
September.....	2101.4	266.5	744.1	3112.0
October.....	3189.7	342.1	913.1	4444.9
November.....	3318.9	366.6	855.7	4541.2
December.....	3238.4	362.3	938.6	4539.3
<i>1886.</i>				
January.....	2875.5	373.5	856.2	4105.2
February.....	2745.5	310.6	762.7	3818.8
March.....	2905.1	345.7	886.5	4137.3

The number of shares of stock sold at the New York Stock Exchange in 1885 was 92,538,947 shares having an average price, according to the *Chronicle*, of \$64.10, making the total sales at their market value \$5,479,859,840 as compared with \$5,939,500,000 in 1884. The total dealings, mostly speculative in grain at New York, according to same authority, reached 1,882,421,518 bushels as compared with 1,663,548,319 bushels in 1884.

The following table shows the comparative statistics of our own and the British Clearing-houses for a series of years, in millions of dollars:

	No. of Associa- tions.	No. of Associations Reporting.	Aggregate Exchanges U. S.	Gold & Currency. Exchanges N. Y.	Exchanges Outside N. Y.	Exchanges Three British Clearing-houses.
1853	.. 1	.. 1	*1,304.9	.. *1,304.9	..	..
1854	.. 1	.. 1	5,798.6	.. 5,798.6	..	..
1855	.. 1	.. 1	5,673.7	.. 5,673.7	..	..
1856	.. 2	.. 2	8,404.2	.. 7,346.8	.. \$ 1,057.4	..
1857	.. 2	.. 2	8,591.4	.. 7,196.1	.. 1,395.3	..
1858	.. 5	.. 3	7,215.7	.. 5,376.2	.. 1,839.5	..
1859	.. 5	.. 3	9,069.3	.. 6,598.8	.. 2,470.5	..
1860	.. 5	.. 3	10,022.1	.. 7,393.8	.. 2,628.2	..
1861	.. 6	.. 4	7,507.4	.. 5,516.4	.. 1,991.0	..
1862	.. 6	.. 4	10,120.1	.. 8,234.9	.. 1,885.3	..
1863	.. 6	.. 4	20,442.4	.. 17,427.7	.. 3,014.7	..
1864	.. 6	.. 4	30,053.5	.. 25,640.0	.. 4,413.4	..
1865	.. 8	.. 5	30,437.0	.. 25,858.0	.. 4,579.0	..
1866	.. 11	.. 7	36,235.9	.. 31,466.5	.. 4,769.4	..
1867	.. 11	.. 7	30,322.2	.. 25,811.2	.. 4,510.9	.. †10,357.3
1868	.. 14	.. 7	36,079.7	.. 31,159.7	.. 4,919.9	.. 16,668.7
1869	.. 14	.. 9	41,157.1	.. 35,541.1	.. 5,616.0	.. 17,647.9
1870	.. 14	.. 9	32,849.7	.. 27,086.3	.. 5,763.4	.. 19,048.6
1871	.. 16	.. 10	37,200.4	.. 30,643.0	.. 6,557.4	.. 23,485.9
1872	.. 20	.. 12	43,581.5	.. 36,369.6	.. 7,212.0	.. 29,047.2
1873	.. 21	.. 13	37,686.6	.. 29,840.5	.. 7,846.1	.. 30,951.9
1874	.. 23	.. 14	31,822.1	.. 24,450.0	.. 7,372.0	.. 29,418.8
1875	.. 23	.. 15	32,339.7	.. 24,313.8	.. 8,025.9	.. 28,214.2
1876	.. 26	.. 18	29,579.9	.. 21,476.7	.. 8,103.2	.. 24,686.7
1877	.. 27	.. 23	31,944.2	.. 23,800.6	.. 8,143.5	.. 25,075.1
1878	.. 27	.. 24	30,133.1	.. 22,401.1	.. 7,732.0	.. 24,817.3
1879	.. 28	.. 24	38,591.2	.. 29,235.6	.. 9,355.5	.. 24,291.3
1880	.. 29	.. 26	50,113.9	.. 38,614.4	.. 11,499.5	.. 28,811.6
1881	.. 30	.. 27	63,414.6	.. 49,376.9	.. 14,037.7	.. 31,586.0
1882	.. 30	.. 28	60,797.1	.. 46,917.0	.. 13,880.2	.. 30,995.1
1883	.. 31	.. 30	51,721.5	.. 37,434.3	.. 14,287.2	.. 29,622.0
1884	.. 31	.. 30	44,091.6	.. 30,985.9	.. 13,105.7	.. 28,962.8
1885	.. 34	.. 31	41,240.3	.. 28,152.2	.. 13,088.1	.. 27,534.1
			955,542.6	754,442.3	201,099.9	480,322.5

The decline in the total business since 1881 has reached 35 per cent., and if we take the twelve months ending June 30, 1885, 41 per cent. The heaviest decline has been at New York, 43 per cent. since 1881, while the clearings for the rest of the country have declined but 7 per cent. While the advance in the amount of clearings from January 1, 1879, to July 1, 1881, proceeded with leaps and bounds, reaching its climax in two and one-half years, the decline has extended over four years. The outlook now promises another season of prosperity, unless labor conflicts mar the fair prospect.

DUDLEY P. BAILEY.

\* From October 11.

† Eight months.

## REGULATING HOURS OF LABOR.

The Middlesex Club, of Boston, at its meeting on the 6th of March, discussed the expediency of enacting laws for the regulation and protection of labor. The particular legislative measures referred to were the proposals pending in Massachusetts to reduce the hours of daily labor in factories and mills from ten to eight, and to require payments for labor to be made weekly, instead of monthly; but the discussion of principles covered the general subject of dealing by law with the relations of capital and labor. The Middlesex Club is in the habit of considering large topics of an economical character, and rarely fails to throw valuable light upon them, and there can never be too much free and open debate upon matters affecting the vital interests of the country.

The principal speaker at the sixth of March meeting was the President of the Club, who is also the President of the Massachusetts Senate, and the stress of what he said was in support of the proposition that laborers should rely wholly upon free conferences with employers as a means of securing terms which are just and essential to their interests, and not upon legislation in their behalf, which, as he insisted, could never do them any good, and was very liable to do them harm. He dwelt warmly upon the advantages of having "the workman and the employer meet on an equal footing to talk things over between them like men," and was altogether sure that when this is done, "their differences will be amicably adjusted." All that was needed, in his view, was "moderation on the one side and a spirit of just concession on the other, both of which things he seemed to treat as being easily attainable. But, above all, he warned laborers never to look to legislation for relief, declaring, in emphatic language, that "no machine is so dangerous to meddle with as the law-making machine."

Without thinking it worth while to say that many of the views of the President of the Middlesex Club are optimistic and Utopian, it is certain that they have not influenced the practical men who have legislated in times past in Massachusetts, which long ago passed a ten-hour factory law for persons of adult age and both sexes, and prohibited the employment of children below a minimum age. In this sort of legislation Massachusetts led the way in this country, and its example has already been followed in several of the States. But it is not original in this country, having been inaugurated fifty years ago in Great Britain, upon an exposure of the terrible cruelties in the way of overwork inflicted upon laborers almost from the very beginning of the factory system. Continual progress has since been made there in remedial legislation, coercive

upon both employers and the employed, and so far without any injury to the industrial pre-eminence of the United Kingdom, and it is not at all likely that any steps backward will ever be taken there in respect to this policy.

It is not sufficient that a majority of employers, or even a large majority of them, come to the conclusion that a shortening of the hours of labor is just and expedient. They are competitors with each other in industries of the same sort, and those of them who are disposed to measures favorable to their work people, may hesitate to adopt them from an apprehension that they will thereby be placed at a disadvantage in competition with other employers who may still insist upon longer hours of labor. In such a case it is only law which can impose upon all employers a proper limit to a day's work, and thus enable the majority of employers to do with safety to their business interests what their own wishes and opinions would incline them voluntarily to do. This view may, by and by, necessitate National legislation upon the subject, to the end that employers in different States may be put upon an equal footing.

The doctrine of freedom of contract, which is a ramification of the doctrine of free trade, as expounded by speculative *doctrinaires*, is now thoroughly exploded. There is no soundness in the doctrine, even as a matter of theory, unless the contracting parties are so far equal in their situation and circumstances that there can be a real freedom of contract between them. There can be no such freedom between employers on one side and laborers on the other, when it is well known that too many of the latter have often no other choice than that between starvation and the acceptance of any terms which are offered.

In agriculture there are some natural limits to the hours of labor, in the length of daylight and in the alternation of the seasons. But in factories and mills there is no other sure limitation than such as is imposed by law.

We dissent entirely from the Malthusian theory that there is any inflexible economic law under which the number of laborers must always multiply more rapidly than the means of subsistence, so that there must be a constant deterioration in the condition of the laborer until his wages fall to a point which will barely sustain life and the physical ability to work. We know that the real remuneration of labor has steadily increased during the past one hundred years in Western Europe, where population has increased very greatly within that time, and also in this country, where the increase of population has been enormous. Doubtless, conditions of bad government or of constant wars, internal or external, and the absence of any progress in the control of man over the forces of nature may at some periods prevent any increase in offers of employment, and in that case the wages of labor would necessarily fall as the number of laborers became greater from their natural increase.

There is no other fixed and certain minimum of wages, below which they cannot fall, except that they cannot be less than enough to sustain life and physical strength, and if the circumstances are such as to force them to that minimum, it will as certainly be reached if the hours of daily labor are eighteen, or only one-half as many. But if the hours of daily labor are inflexibly fixed by law, it is at any rate made certain that the minimum of compensation for such hours will be such as to maintain the existence of laborers. As a protection to them against the requirement of excessive toil, a legal limit to the hours of labor operates precisely as does the one day's rest in seven, prescribed by the Mosaic code.

The existing situation makes it in all respects expedient that legislators should interpose with a limitation upon the hours of labor, compulsory upon both laborers and employers. With the modern improvements in machinery, appliances and processes, the wants of mankind can be abundantly supplied without permitting men to work so many hours daily as to preclude them from any mental improvement, and from any oversight over their households, and without permitting children of a tender age to be worked at all in mills and factories. It is in vain to deny that the hours of labor actually required by employers, are so excessive in some cases as to demand legislative interference. And we are satisfied that if this interference does not go to extravagant lengths, it will be approved by the great body of the employing class.

## COMMERCIAL EXCHANGES \*

### CHAPTER III.

#### ORIGIN OF EXCHANGES IN AMERICA.—*Continued.*

Birth of Commercial Associations in Boston—The Plymouth and Massachusetts Bay Colonies—Establishment of the First Market—Building of Warehouses—The Crown Coffee-house—Faneuil Hall—Excitement over Commercial Affairs—Meetings of Merchants—Taxation without Representation—The Board of Trade—The War a Blow to Commerce—The First Commercial Convention—The Great Exchange Coffee-house—Its Noted Guests—Quincy Market—Early Trade Organizations of Philadelphia—William Penn and "Free Society of Traders"—The First Coffee-house—The Merchants' and Samuel Carpenter's Establishment—William Bradford's Coffee-house—The City Tavern—Building of the Merchants, Exchange—The Birth of Various Organizations—The Philadelphia Board of Trade.

It may be said that the birth of commercial associations in Boston dates back to the landing of the Plymouth and Massachusetts Bay Colonies. These organizations, in their formation and purposes,

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embraced some of the chief elements of mercantile societies, and gave in after years, to the merchants of that metropolis, ideas of unity in business methods which promoted their success and strengthened their confidence in many enterprises.

These colonies, in their true significance, were rudely-formed business corporations, but granting special rights and privileges to their members. The first consideration to the members was the interests of the colony, and the second the interests of themselves individually. The disintegration of the colony meant to the associates the next thing to a complete destruction of their hopes and fortunes.

During the first ten years, that is, those following 1620, these associations had been able to secure only a good foothold in the New World. Very little headway was made in the affairs of commerce, but in 1630 an important change took place. The arrival in that year of John Winthrop, as Governor, with his thirteen vessels and fifteen hundred Puritans, put new life into the settlement, so that from that time the business interests of the colonists began to wear a more cheerful and prosperous appearance.

Within the twenty years following the arrival of Governor Winthrop, the trade of the colonies increased to such an extent that we find, even before 1650, products of the soil were being exported from the settlement. A number of commodities that were raised in abundance were being shipped to various foreign ports, and several merchants had thus early engaged in the export as well as the import trade of Massachusetts Bay. The surplus produce was shipped to the West Indies, Great Britain, Spain, Portugal, and to the settlements in Virginia. In exchange for these the colonists received the manufactured goods and more dainty products of the older countries.

The Government of the colony was vested almost entirely in a court chosen by the people. At least so it was during the time that the organization existed under the rights of a liberal charter permitting elections. This court propounded and passed upon the secular affairs, as well as upon the religious doings of the people.\* As early as 1634 it passed an order for the establishment of a market in the colony, and, according to the order, "each and every Thursday shall be the regular market day." The public lecture, a prominent institution with the colonists, was also held on Thurs-

\* As an illustration of the work performed by this tribunal, the historian has preserved a number of very singular judgments rendered, and among them is one given upon the case of a carpenter by the name of Edward Palmer. Mr. Palmer was employed by the court to construct the public stocks for the punishment of those adjudged guilty of misdemeanors. His work being completed, he brought in his bill for services and materials calling for £1 13s. 7d. It was the opinion of the honorable court that the bill was exorbitant, and it was not allowed, and for the misdemeanor of overcharging the court, Mr. Palmer was put into the stocks he had made, and compelled also to pay a fine of £5 in lawful money of the colony. This circumstance reminds one that the changes in the business methods of America during the past two-and-a-half centuries have been marvelous.

days. Although a day was set apart on which the market should be held, and although the order of the court provided for "the erection of a market," yet, in the opinion of Mr. Drake, to whom Bostonians are indebted for the preservation of many interesting incidents of the olden time, it is not probable that the order related to a market building. Mr. Drake says: "The true meaning, I have no doubt, is the establishment of a market, for it is not very probable that a building for a market was contemplated at this early day." The first establishment where commodities were offered for sale was opened in 1633.

Prior to 1650 there must have been, at least, two or three warehouses built along the wharf on the Charles River. From the city records\* we learn that one Edward Tyng owned a brewhouse and warehouse, with a wharf in front, which in 1651 he sold to James Everill, giving as the description of the property, "my wharf against the end of the great street," and along which, on the south, went the "town's way down upon the flats," which corresponds to the present State Street, below Merchant's Row. This street was at that time designated as "Mr. Hill's highway," and was twenty feet broad, following the shore of cove to the present Dock Square.

Edward Tyng had secured a valuable strip of land on the water front; and profited largely by selling off small parcels for the building of wharves and storehouses. Thomas Venner was a purchaser, and Henry Webb bought a piece of the ground which some years afterward became the site of the Crown Coffee-house, which was licensed as a public-house in 1710. This popular resort stood at the foot of Chatham Row, projecting into the street, and is said to have been the first house on long wharf, a place well known to every one at all familiar with the early history of Boston. The coffee-house was the result of a project put forth by a number of merchants in 1707, and was probably the first recognized gathering place for the business heads of the colony.

Faneuil Hall was completed and made ready for occupation in 1742. At a town meeting in July following, a committee was appointed "to wait upon Peter Faneuil, and in the name of the town to render him their most hearty thanks for so beautiful a gift, with their prayers that this and other expressions of his bounty and charity may be abundantly recompensed with divine blessing." When this resolution was passed, the building donated to the town by Mr. Faneuil had not been named, but immediately after passing the resolution the meeting voted to call the spacious room occupying the second floor of the building "Faneuil Hall," in honor of the donor; who, by his liberality, has raised his name as a lasting

\* For much information of the early days of Boston, credit is given to the *Memorial History*, an elaborate work in which New England people may justly feel great pride.



monument to be commemorated with profound consideration by posterity. The first floor of the great building was designed for a general market, and as such has ever been occupied.

Twice the grand structure has narrowly escaped destruction by fire. In 1747 the hall was entirely burned out, and a portion of the building destroyed. The following year it was repaired and rebuilt. A year later, 1749, the interior of the market was burned out, but was soon after thoroughly repaired.

During the fifteen years intervening between 1760 and 1776, Boston was the theatre of intense excitement over events bearing directly upon the commerce of the country. The compact formed by the merchants of Boston in their united opposition to the Stamp Act demonstrated to the colonists the power of organization for business purposes. The merchants of the town held meetings regularly, and together entered into an agreement to import no goods from Great Britain so long as the Stamp Act was in force.

The place of common rendezvous where the merchants met for trade and to get the latest information upon business affairs, was the British Coffee-house. The more general meetings for the discussion of subjects in which the people at large were interested, were held in Faneuil Hall. The coffee-houses served as a sort of exchange, and the discussions there were of a less formal character. At the Crown Coffee-house disputes between the merchants and the servants of the Crown were frequent, and often very exciting. During one of these discussions a number of army, navy, and revenue officers made a fierce attack upon Mr. James Otis, one of the most prominent merchants and a leading mind of the city. The abuse which Mr. Otis received fired the patriotic Americans with a hatred toward the King's officials greater than had before existed, and they became more outspoken in their denunciations of British rule and the policy of "taxation without representation." The Board of Trade was the chief commercial organization of the city, and it wielded an extensive influence upon all matters pertaining to the mercantile and business affairs of the colony.

The Revolution was a great blow to the industry and business prosperity of the whole country. Boston suffered its full share of the evil effects, as it received its proper proportion of the results of the war. But the returning prosperity did not follow immediately upon the disappearance of the British soldiery. The merchants experienced several years of serious discouragement and passed through many trying difficulties.

Out of these unwelcome visitations upon commerce was born the great commercial convention which assembled at Annapolis in September, 1786. It was this convention which recommended the one that met and framed the Constitution of the United States in the following May. Thus we see how closely related are the principles of our secular Government to the bulwarks of our commerce.

The history of Boston's commercial exchanges since the revolutionary period commences with the construction of a time-honored institution known as the "Exchange Coffee-house."\* The intention of its builders was that the edifice should become a head-quarters for the commerce of the rapidly-growing metropolis. It was built in 1808, and stood on Congress Street, on the site of the present Hanover National Bank. It was the largest Hotel in the country at that time, covering an irregular tract of ground measuring 12,753 square feet. The building extended through from Congress to Devonshire Street, and had an entrance on State Street. The dimensions were 132 feet on Congress Street, with a depth of 94 feet and upwards. It was seven stories high, built of brick, and was surmounted with a dome 101 feet in diameter, and contained 210 apartments. The front was ornamented with six Ionic pilasters, crowned with Corinthian capitals. The ornamentation was criticised as being in poor architectural taste.

The construction of the edifice was a huge speculation, and the means employed were condemned by many of the best citizens. The affair was floated for a time by means of the issue of worthless bills by a Rhode Island bank. It is said to have cost its projectors and the public about half a million dollars, and much trouble was experienced over its financial affairs before it was completed.

Besides the apartments for guests, there was an immense hall for holding meetings of merchants, much in the manner of our modern exchanges, and also a dining-room capable of seating 300 persons, and a great ball-room. On the upper floor was an immense and magnificent lodge room, where the Grand Lodge of Free Masons and other Masonic bodies held their meetings.

During the war of 1812 and '14, Commodore Hull for a time made the coffee-house his headquarters. After his capture of the British frigate *Guerriere*, he took rooms here, and was given a grand banquet in the large dining-room. He brought with him to the hotel his prisoner, Capt. Dacres, who commanded the frigate, and gave him hospitable accommodations.†

At the rooms of the Exchange was kept a register of marine news, arrivals, departures, etc., together with files of the leading newspapers, and the place soon became, as its projectors promised, the grand center of intelligence for the merchants of Boston.

When President Monroe visited the city in 1817, he lodged at the

\* For important facts connected with the history of this edifice credit is due Mr. Samuel F. McCleary, of Boston.

† After the escape of the *Constitution* from the British fleet, Commodore Hull entered on the register of the Coffee-house with his own hand, the following tribute to his first officer: "Whatever merit may be due for the escape of the *Constitution* from the British fleet belongs to my first officer, Charles Morris.—ISAAC HULL."

Exchange, where a most sumptuous dinner for those days was served in his honor by the citizens of Boston. The building was destroyed by fire in 1818, and Henry Clay, who was at the time a guest of the house, it is said, worked vigorously at the brakes of one of the fire engines with the firemen in their fruitless efforts to save the structure. Those who had never countenanced the means employed for the building of the hotel, nor the purposes to which it was largely made subservient, believed the burning of the house was a just retribution upon the works of its projectors, and, as one said, they "thought it to have been conceived in sin and brought forth in iniquity."

Following in historical order, the next building of importance in the progress of commercial associations in Boston comes the great Quincy Market. This is a granite building two stories high, 535 feet long, and 50 feet wide, and includes every essential requirement for a great public market. The corner-stone of the building was laid in 1825, and the building was completed and stalls opened for business in 1827. The edifice derived its name from Josiah Quincy, the second Mayor of Boston, who originated the scheme, and carried it through against a strong opposition of many citizens. To make his plan successful he was forced to win over to his side a majority in the city council, and secure a favorable vote of the State Legislature. He proved equal to the emergency, and triumphed over all opposition. The immense structure is now one of the most noted places of Boston. It has proved largely instrumental in fostering and cementing together strong business associations of the city. The building occupies a prominent position opposite or facing the celebrated Faneuil Hall, so that the market may properly be said to form a continuation of Fanueil Hall Market.

Among the early trade associations of America, the city of Philadelphia furnishes a number of prominent representatives. One year after William Penn had received from the Crown of England a patent granting him entire proprietorship of the territory which now forms the State of Pennsylvania, he formed a company to engage in mercantile operations within the boundaries of his newly-acquired possessions. To this company he issued a charter entitling its members to trade and traffic with the natives of the New World, and with all others who might be found living within the borders of his land. The charter also set forth at considerable length a code of laws and rules which should govern the members of the company in their business operations, and even provided a scheme for their political and religious guidance.

This corporation was given the name of the Pennsylvania Company, and was also known as the "Free Society of Traders." Its charter was dated 24th March, 1682. The incorporators named in that document were: "Nicholas Moore, of London, medical doctor;

James Claypoole, merchant; Philip Ford,\* steward; William Sherloe, of London, merchant; Edward Pierce, of London, leather seller; John Smycock and Thomas Brassey, of Cheshire, yeomen; Thomas Baker, of London, wine cooper, and Edward Brooks, of London, grocer."

The charter provided for the establishment of a Provincial Council, which was to be divided into four committees. The duties and authorities of the first to be: "To situate and settle cities, posts and market towns and highways, and to hear and decide all suits and controversies relating to trade." The second to be "a committee of justice and safety," the third one "of trade and treasury," and the fourth "a committee of manners, education and arts."

Among the quaint provisions of the charter, was the code of laws upon the business and moral ethics of the colonists. "Scandal mongers, backbiters, defamers and spreaders of false news," says the code, "whether against public or private persons, are to be severally punished as enemies to peace and concord." A law that might be introduced with much profit into the constitutions of some of the modern trade associations. "Factors and others guilty of breach of trust," continues the law giver, "must make satisfaction and one-third over to their employers, and in case of the factor's death the Council Committee of Trade is to see that satisfaction is made out of his estates." Finding refuge on Canadian soil afforded no relief in those days, and obtaining secret passage to foreign lands was a feat little feared by Penn and his associates. To discover the crime was considered the important act of vigilance; which was quite unlike the conditions of to-day, when the apprehension of the culprit often proves by far the most difficult task.

Penn's company of traders might have been termed a huge monopoly. Its managers certainly had it in their power to hold almost undisputed sway over the business of the new territory, but it is not shown that their demands were unjust or exorbitant. The moral principles of their religious doctrine had, no doubt, a favorable influence upon their business habits, and gave them ideas of toleration in trade as well as in the tenets of their faith.

The company built storehouses, and made provision for regular assemblages of those engaged in commerce, where business topics were discussed, and information relating to mercantile and maritime affairs was given. The Committee on Trade and Treasury were the immediate custodians of the company's commercial interests. Its members established a market for the accommodation of the tradespeople and the convenience of their patrons.

The first coffee-house built in Philadelphia of which there remains

\* Philip Ford was Penn's unfaithful steward, who embezzled his master's money and left to his executors a large number of false claims, which Penn was called upon to liquidate, and, to avoid extortion, suffered himself to be locked up in Fleet Prison.

any authentic record, was presided over by one Samuel Carpenter, during the closing scenes of the seventeenth century. It is described as standing on the east side of Front Street, and it is presumed was a short distance above what is now Walnut Street. This was the only public institution of its kind in the city for a number of years, and probably was without competition up to the making of Philadelphia a city, which Penn did by charter, October 25, 1701, just before taking his final leave for England.

At Samuel Carpenter's coffee-house was a daily gathering of shipmasters, merchants and others interested in the trade and shipping of the city. Here they discussed all sorts of commercial and political news, formed partnerships for business, laid plans for developing the country, and organized corporations for various purposes, but the spirit for speculation was never so manifest as it was in the coffee-houses of New York during the same period. The Quakers were not much given to chance operations, and schemes of hazardous speculation never seemed to allure their easy-going habits and simplicity of manners.

In the early part of the eighteenth century, as we find, one or two other coffee-houses were in active operation. The population had grown from a few hundred in 1682 to between 3,000 and 4,000 in 1700.

In 1745 the population had increased to a little over 13,000, and a second market was established. The structure was erected at the corner of Second and Pine streets, but was not completed so as to be used until two enterprising citizens, Edward Shippen\* and Joseph Wharton, contributed from their private purses the means for constructing stalls and other necessary finishings.

Up to 1754 the coffee-houses, which were the common places of resort, were quite rude institutions and afforded only slight accommodations for the merchants and shipmasters to meet in a business way. This year one William Bradford opened an institution which he named the "London Coffee-house;" it was located at the southwest corner of Market and Front streets. The house very soon acquired a popular reputation, and may justly be said to have been the first really prominent institution for the exchange of business ideas and the congregation of merchants for commercial purposes.

Just prior to the breaking out of the Revolution a building was completed to which was given the name of the "City Tavern." This public *rendezvous* of tradesmen succeeded to the honors long held by the London Coffee-house, and continued its popular career until the beginning of the nineteenth century. For a few years it went into disrepute, but again, in 1806, it rallied with renewed energy, threw off its unpopular fetters, and under the management

\* Edward Shippen was the first Mayor of the city.

of James Kitchen it revived and became the theatre of many important business operations. A few years later the old building was given up for other purposes, and a new one at the corner of Second and Gold streets was taken possession of by the popular host. The name of his hospitable quarters was changed to the "Merchants' Coffee-house," and under this title it grew in favor and flourished with the rapidly growing city for many years. Almost every prominent business man of the city could be found at some hour of the day at this popular public resort. As a rule there would be a certain hour of the day fixed upon for the gathering of merchants, and after a time those in special lines of trade began to congregate in some particular corner of the place, and would fix upon an hour when all in that special branch of business should come together.

From this glimmering of the circumstances in those colonial days we can easily imagine how the idea of association and the wish for a general headquarters grew upon the Philadelphia merchants.

On the 19th of May, 1831, a number of prominent merchants assembled upon a call previously issued for the purpose of considering the project of forming a merchants' exchange. A plan for the organization was submitted and adopted, and a stock company was regularly organized. Among the stockholders were many of the most enterprising men of the city, such as Joshua Lippincott, Thomas P. Cope, John Siter, Jr., Alexander Ferguson, Samuel Comly, William Yardley, Jr., John Hemphill, William D. Lewis, Laurence Lewis, Thomas C. Rockhill, George Handy, Ashbel G. Ralston, John J. Borie, Matthew L. Berin, William Platt, John A. Brown and Samuel Grant.

Measures were at once taken by the incorporators for the construction of an exchange building. The corner stone of the proposed edifice was laid February 22d, 1832, and in the early part of 1834 it was formally opened for business. The lot upon which the building stood had cost the company \$98,000, and the outlay upon the exchange building was \$184,000, making a total investment of \$282,000.

This sum fifty years ago not only seemed stupendous, but was really a princely fortune to be expended upon such an enterprise. There isn't much wonder that the Merchants' Exchange Company of Philadelphia was criticised for its extravagance, but time has proved that far larger outlays have been profitably expended upon similar institutions. The building served as a general exchange for many years, and was the scene of many important events and the birthplace of many grand enterprises which form prominent features in the history of Philadelphia's trade and commerce.

The Merchants' Exchange Company, which built and owned the great edifice, was a corporation separate and distinct from the commercial association bearing the name of the Merchants' Exchange,

though its stockholders were all, or nearly all, members of the trade Association. The association held its meetings in the Exchange building, parts of which were also rented to business firms and some other trade societies. Among the first organizations, and the most important also, which made the Exchange building their headquarters was the Philadelphia Board of Trade, a commercial body organized during the autumn of 1833. The Chamber of Commerce, a powerful association which came into existence twenty years later, also held its first meetings in the Exchange edifice, as did many other similar associations.

The rapid development of business interests and the birth of independent organizations in all the various branches of trade which has taken place during the last quarter of a century in Philadelphia, as well as in all other metropolitan cities of America, have united to lead commercial associations into more convenient and more modern homes. The old Merchants' Exchange building still stands, but it is not occupied by any of the great commercial bodies of the city. Business firms and societies of various kinds have converted it into a business block similar in its purposes to the hundreds of others with which it is surrounded.

The Philadelphia Board of Trade was one of the earliest commercial associations of America of the more modern types. Its history commences with the meeting of a few prominent merchants, held at Wade's Hotel, on the 15th October, 1833. The call issued for this meeting stated that its purpose was "To take into consideration the propriety of forming an association by means of which the commercial and trading community may be enabled to act with united effort on all subjects relating to their interests." Those who took part in the call came to the meeting well prepared for active work. A committee reported the same evening a constitution which had been previously prepared, and this was adopted. Another committee was appointed to receive subscriptions for membership, and its work was promptly and zealously attended to.

Among the original promoters and first subscribers were Thomas P. Cope, the first President; Matthew Newkirk, the first Vice-President; Thomas C. Rockwell, the first Treasurer; George W. Toland, the first Secretary, and Messrs. Lewis Woln, William H. Hart, William R. Thompson, Mordecai D. Lewis, Evans Rogers, William W. McMain, Thomas P. Hoopes, Hugh F. Hollingshead, Edward Roberts, Robert Patterson, George Handy, J. G. Stacy, J. C. Oliver and Charles Schaffer, Jr., members of the Board of Directors for the first year; also, Messrs. Josiah White, Jacob S. Woln, Abraham Miller, Alexander McClurg, J. M. Atwood and other well-known and influential business men.

The second meeting of the association, at which the election of officers took place, was held at the Franklin Institute, and the first

regular meeting place was established in the Merchants' Exchange. One of the first acts of the Board was the appointment of a committee to confer with a committee chosen at a meeting of the citizens of Philadelphia for the purpose of selecting delegates who should attend the Internal Improvement Convention called to meet at Warren, Ohio, on the 13th November, 1833. The conference between the two committees took place, and delegates were chosen who took a prominent part in the convention, and it was considered that much good resulted to the city and State from the efforts of those delegates upon that occasion.

The meetings of the full Board were held only once in three months, but the Directors met oftener and transacted the general business of the association. This plan was followed for nearly fifteen years, or until 1847, when it was decided to hold the general meetings but once a year, and to make the meetings of the Directors open to any member of the association who might desire to attend. In 1871 a change was again made, returning to the original arrangement.

In April, 1845, the Board of Trade united with the Chamber of Commerce of Philadelphia, an enterprising organization which had sprung into existence, and was growing rapidly in influence and popularity. The united bodies became a powerful organization, and exerted a moulding influence upon many of the industries of the great city. But its plan of work was rude and unsystematic, lacking principles of method suited to the rapid development of the city's commercial interests, and thus continued, until in 1858 the Directors laid before the association a plan for re-modeling its work, and increasing its usefulness. The plan proposed a complete reorganization, and its adoption proved the wisdom of those who projected the scheme. A new location was selected, an Executive Council was substituted for the old Board of Directors, a permanent and paid Secretary was chosen, and instead of periodical meetings the rooms were opened for the transaction of business every day in the week, except Sunday. The membership increased and the association was launched upon a sea of brilliant achievements.

[TO BE CONTINUED.]

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## INVESTMENTS OF SAVINGS BANKS.

The following remarks on Savings bank investments is from the interesting and valuable report of the Superintendent of the Banking Department of New York on Savings banks :

### COLLATERAL LOANS.

The present law authorizes Savings banks to loan on any of the securities in which they may invest, bonds and mortgages excepted. The amount which may be so loaned is limited to ninety per cent. of the cash market value of the securities pledged, and in no case may a loan in excess of the par value of a security be made thereon. This provision of the law should, perhaps, be so modified as to permit loans to be made on the class of securities designated, to the amount of ninety per cent. of their market value. The bonds referred to are not speculative but investment securities, and consequently not liable to extreme fluctuations. The present law discriminates against the best securities in favor of others less desirable. For example, a loan of \$45 is authorized to be made upon a bond of \$100 which would sell for but \$50, while not more than \$100 may be loaned on a United States bond of like amount which sells at \$135. The effect of the restriction is to prevent a profitable class of borrowers from obtaining loans from the Savings banks. In the respect referred to, the law is more stringent than safety requires, as banks may purchase at an unlimited premium, the same bond on which they are prohibited from loaning more than its par value. Certainly banks are more safe in holding securities as collateral to a loan than where they hold the same as an investment; in the first instance, loss through depreciation in value is borne by the borrower, in the latter case, by the bank.

### TOWN AND VILLAGE BONDS.

The stocks or bonds of any city, county, town or village of this State, issued pursuant to the authority of any law of this State are authorized investments for Savings banks. As they are large holders of these securities it is of great importance to them that the regularity of the issue of all such bonds should be established. While it is comparatively easy, in this State, to obtain all requisite information as to the issue of city and county bonds, through records of the proceedings of the Boards of Aldermen and Supervisors of the respective cities and counties; experience teaches that it is not so with town and village bonds. Oftentimes no records of the proceedings taken previous to and at the time of issue are kept, and long before the maturity of the obligations it has been found absolutely impossible to establish the validity of the bonds, in order to prevent their repudiation. Again glaring irregularities have been discovered in the manner of issue, which, if known at the time the bonds were floated, no one could have been found reckless enough to have purchased them. For the benefit of the public at large, as well as the Savings banks, some source of information should be provided whereby interested parties can inform themselves as to the regularity of the issue of bonds of all towns and villages of this State. To accomplish such purpose a general statute should be enacted, requiring that every town and village, before offering any of its bonds for sale, shall record with the clerk of the county in which the town or village is lo-

cated, an accurate description of the proceedings taken, verified by the proper officers. A certified copy of such record to be filed with the Comptroller of the State for the information of the public, and with the Superintendent of this department for the benefit of the Savings banks. From personal experience in this connection, as well as the observation of others, I know that there is necessity for a statute similar to that outlined, and that the loss to Savings banks through litigation and default in payment of interest on bonds issued by towns of this State has been as great as on any single class of stocks or bonds in which by law they are authorized to invest.

#### PROPOSED LEGISLATION.

The subject of legislation in connection with investments is one of vital importance; in fact, safety of investments is the foundation on which our Savings-bank system rests. That the securities in which these banks may invest the deposits confided to their care are at present considerably restricted, none will deny, but that the scope of investments cannot with safety be enlarged by general amendments, sweeping in their provisions, is a fact established by the frequent recurrence of default in payment of interest on State, municipal, railroad, and other securities, which had previously been considered of an unexceptionable character.

At the present time, any element of danger introduced into the laws governing our Savings banks would go far toward engendering that deep feeling of distrust toward the entire system which so recently pervaded all classes. The failure of one of these institutions would do more to weaken confidence than the long-continued success of a score would do to perpetuate it. Previous to the passage, in 1875, of what is commonly known as the general Savings Bank Law, all Savings banks were created and operated under special charters, obtained directly from the Legislature. Owing largely to the wide latitude of investments authorized by the charters of some of the banks, securities of doubtful value were acquired to such an extent that rendered it impossible for them to meet their obligations to depositors on demand; losses were great, and forced liquidation resulted in the wreck of twenty-eight of these institutions, holding nearly \$15,000,000 of deposits. These failures created suspicion toward all Savings banks, and grave doubts existed as to the probability of restoring public confidence. In such restoration no factor bore so important a part as the adoption of a constitutional amendment in 1874, which required the Legislature, by general law to conform all charters of such institutions to a uniformity of powers, rights and liabilities, thereby to a certain extent making them wards of the State.

As an illustration of public sentiment at the time of these failures, at a meeting held in the city of New York, the following resolution was adopted and published:

*"Resolved,* That we, citizens of New York City, on behalf of depositors, hereby express our absolute want of confidence in the Savings-bank system as at present administered, and the inefficiency of the laws under which they are organized and operated, believing that they do not afford protection to those whose thrift, industry, and frugality enable them to lay aside a portion of their savings."

In 1876 there was a decrease in deposits of \$2,582,917; in 1877 it was \$3,854,227, and in the following year, \$13,748,419. Save those mentioned, with the single exception of 1861, during no year since Savings banks have been placed under the supervision of this department has there been a decrease in the aggregate of deposits.

In the year 1879, the good effect of the restrictive provisions of the law of 1875 became apparent by an increase of more than \$20,000,000 in deposits. In each of the two succeeding years the increase was upwards of \$34,000,000. Public confidence in the Savings banks of the State had been fully restored by the fact that depositors were relieved from doubt as to the securities in which their moneys would be invested. No investment could be made in securities outside of the State, except those for which the faith of the United States was pledged, and bonds of States of the Union which had not within ten years preceding defaulted in the payment of principal or interest on their obligations. The investments authorized in the State were, stocks or bonds of cities, counties, towns and villages, issued pursuant to the authority of the laws of this State, and interest-bearing obligations issued by the city or county in which the bank making the investment is situated; in bonds and mortgages on unencumbered real estate located in this State, and worth at least twice the amount loaned thereon, subject to other and additional restrictions; in real estate whereon may be erected a building requisite for the convenient transaction of the business of the bank, the cost of which shall not exceed 50 per cent. of the net surplus of the bank, and in such real estate as shall have been purchased at sales upon the foreclosure of mortgages owned by the corporations, or upon judgments or decrees obtained or rendered for debts due or in settlements effected to secure such debts. The rigid enforcement of this law has resulted in weeding out all insolvent Savings banks throughout the State. While the banks, through the rapid appreciation in market value of the several classes of securities in which they are authorized to invest, have been compelled gradually to reduce the rate of dividends paid to depositors until the average throughout the State has decreased from six per cent. to less than three and one-half per cent., the increase in deposits during the ten years the general law has been in force, has been enormous.

On the first day of January, 1875, the aggregate deposits were \$303,935,649; at the commencement of the present year they had reached the astounding aggregate of \$457,050,250. In view of the great reduction in the rate of interest paid to depositors, this marvelous increase in deposits can be accounted for in but one of two ways, viz., either the additional confidence created by the restrictions on investments and the general conduct of the banks have been considered a sufficient compensation to offset the diminished rate of interest, or the banks have been paying rates of interest greater than can be obtained elsewhere with equal security. If, as is generally believed, the increase in deposits averaging \$22,567,944 per annum for the last seven years has been due to the temporary harboring of wealth in these institutions, it is a grave responsibility to place in jeopardy the usefulness of our Savings banks in order to enable those who are abundantly able to personally invest their money to derive advantages which these institutions were never designed to afford. By limiting the aggregate sum to be held to the credit of any one individual, the banks can largely exclude capital, and thereby remove the necessity for a wider scope of investments for many years to come.

As has been stated, in the year 1875 the relations of the State towards the Savings banks changed, and reference to investments prior to that date is therefore not germane to this subject. Excepting authority to invest in bonds of the District of Columbia, commonly known as 3-65 bonds, and interest-bearing obligations issued by the county in which the bank making the investment is situated, the law relating to investments is the same as the original statute of 1875.

The first effort to materially change the law restricting investments originated with the youngest Savings bank in the State. A bill authorizing Savings banks to invest in bonds of any corporation or individual secured by first mortgage upon property in this State, and "in other good securities (excepting bills of exchange, promissory notes, deposits of personal property and stocks, to which by law the personal liability of stockholders attaches), which might be approved by the Superintendent of the Banking Department, the Governor, Comptroller, and State Treasurer, or a majority of them," passed the Legislature of 1883, with little or no opposition. Upon calling the attention of the several Savings banks to the fact that this bill needed but the signature of the Governor to become a law, I was enabled to present the earnest protest of representatives of Savings banks holding \$449,000,000 of the total \$459,000,000 of resources in the banks at that time, which resulted in the executive veto. Since the defeat of the bill referred to, no effort has been made to remove the restrictions on Savings bank investments, until now. Early in the present session the following bill was introduced into the Assembly:

#### AN ACT

TO AMEND SECTION TWO HUNDRED AND SIX OF CHAPTER FOUR HUNDRED AND NINE OF THE LAWS OF EIGHTEEN HUNDRED AND EIGHTY-TWO, ENTITLED "AN ACT TO REVISE THE STATUTES OF THIS STATE RELATING TO BANKS, BANKING AND TRUST COMPANIES.

*The People of the State of New York, represented in Senate and Assembly, do enact as follows :*

SECTION 1. Subdivision three of section two hundred and sixty, chapter four hundred and nine, laws of eighteen hundred and eighty-two, entitled "An Act to revise the statutes of this State relating to banks, banking, and trust companies," is hereby amended so as to read as follows :

3. In the stocks or bonds of any State in the Union that has not, within ten years previous to making such investment by such corporation, defaulted in the payment of any part of either principal or interest of any debt authorized by any Legislature of such State to be contracted ; or in the stocks or bonds of any county or city of such States, which has not, within ten years previous to making such investment, defaulted in the payment of any part of either principal or interest of its funded debt. Such county or city shall have a population of as many as forty thousand inhabitants, according to a State or United States census, and its funded debt shall not exceed five per cent. of its assessed value for purpose of taxation ; or the funded debt may exceed said five per cent., in case such county or city shall be in a State where, since such debt was contracted, the creation of municipal debts to an amount greater than five per cent. of assessed valuation has been by law prohibited. But not more than ten per centum of the whole amount of deposits in a Savings bank may be invested in the stocks or bonds of any one city or county without this State.

SEC. 2. This Act shall take effect immediately.

This bill now before the Legislature is open to grave objections. While on the general proposition of enlarging the scope of Savings bank investments there may be room for honest difference of opinion, a proposal to so amend the law as to authorize the investment of the entire Savings bank deposits of this State in securities of cities and counties of other States throughout the Union cannot be entertained. To authorize Savings banks to invest in such bonds, however restricted, would in practice lead to many unfortunate investments. The bonds offering the greatest inducements to purchasers, would be such as have often been contested and frequently declared to have been issued in violation of some statute or Constitutional prohibition. As a general rule the uncertainty as to the character of an investment increases in proportion to the square of the distance from the investor. The officers

of Savings banks have very limited means of ascertaining the validity of the issue of distant securities, the nature of legislation of States affecting the creation and collection of debts of such cities and counties; the amount of their respective indebtedness; how the people voted when authorizing the issue of bonds, or how honestly officials acted. These are fundamental questions, though often lost sight of until the creditor finds the legality of his security is to be contested in the courts of a distant State, where perhaps the cost of prosecuting his claims would be so great that he would prefer to sacrifice the principal sum invested. The case of Elizabeth, N. J., is a very instructive one as to the inability of creditors to realize their claims when opposed by hostile legislation.

Then again the availability of this class of securities must be considered. In case of panic, banks holding a large amount of Western or Southern securities, could not except at great sacrifice, possibly not at all, realize funds on them to pay excited depositors. No rate of interest, however large, will prevent loss of confidence in any bank that fails to pay its just demands with promptness. Our Savings banks are institutions protected by the statutes of this State and should not be made subject to stay laws and other repudiating enactments which may be passed at any time by other States. While such an amendment to the law as that suggested would tend to impair confidence in the Savings banks, the benefits would inure mostly to the advantage of cities and counties of other States, the securities of which would appreciate in value through competition for their purchase.

The money held by the Savings institutions of this State has, as a rule, been deposited by its residents, and it is a question whether money should not be loaned among those from whom it is received. It is asserted that managers of Savings banks in the New England States decline equally secure and more profitable investments than those of their immediate locality. They reason that all benefits to be derived in stimulating trade and enlarging the value of property should be given to those who encourage their own institutions.

Another view of the question is that actual necessity for enlarging the latitude of investments does not exist. It is not denied that an abundance of the several classes of securities now authorized is obtainable, but it is claimed that owing to the high premiums which they command, a sufficient income cannot be derived to enable the banks to pay a rate of interest greater than three to three and one-half per cent. Conceding this to be true, the question arises whether the rate of interest named is the full earning capacity of money safely invested. To determine this it becomes necessary to adopt a standard; the Government is everywhere recognized as such, it being the ideal of absolute security. To-day, bonds of the United States, redeemable at pleasure, bearing only three per cent. interest, sell in open market at a premium. Their earning capacity is therefore less than the lowest rate of interest paid to the depositors of any Savings bank in this State. Under such circumstances it may well be asked, do depositors need relief, or ask for it? The information obtained leads to the conclusion that those most desirous to break down the batteries surrounding investments, are those having securities to sell, which would be enhanced in value by sales to our Savings banks.

As no practicable method exists of obtaining the views of depositors on this subject, opinions have been solicited from officers and managers of the Savings banks throughout the State, and a large majority of the replies received is to the effect that there is no necessity for a change in the law respecting investments. In some respects the present financial

condition is without precedent in the history of this country. Never before have current rates for money ruled so low as to-day, when loans may be negotiated at from one and one-half to three and one-half per cent. Where incomes are limited it is unpleasant to be compelled to accept small returns, and the existing low rates for safe investments tend to produce recklessness on the part of the investor. The fact should always be borne in mind, that when standard rates for money are low, large returns are secured only through increased risk. To save themselves from loss, Savings bank depositors must accept the situation, with the consolation that while the principal is secure they escape taxation and receive a rate of interest from one-half to one and one-half per cent. in excess of the Government rate.

The present law respecting investments has proved to be a wise one, and it should not be changed until the subject shall have been most carefully considered in all its ramifications. No necessity exists for immediate action. The law may well be allowed to remain as it is until a conference can be held to determine whether it is desirable and safe to amend it in the particular referred to, and I would suggest that the Legislature authorize the Superintendent of this department to assemble in convention at least once in each five years, representatives from the Savings banks for the purpose of discussing matters pertaining to the management of these sacred trusts. Recommendations emanating from such a body would be entitled to thoughtful consideration by the Legislature of this State as the voice of a majority of those having the welfare of our Savings banks at heart.

#### LOST PASS BOOKS.

An important decision has recently been rendered by the General Term of the Supreme Court of the Third Judicial District to the effect that if depositors of Savings banks lose their pass-books, they lose their money unless they can give a bond which will indemnify the bank, provided it has a by-law requiring a bond in such cases.

The Savings Bank Law provides for the repayment of deposits "under such regulations as the board of trustees shall prescribe," which regulations are to be printed in the pass-books and posted in a conspicuous place in the business room of the bank, and that Savings banks shall not pay any interest or deposit, or portion of a deposit, unless the pass-book be presented and the proper entry made therein, and that the trustees may make by-laws for the payment in case of loss of pass-book, etc.

The trustees of the bank defending the suit had passed certain by-laws which were properly displayed and were printed in its pass-books. One of those required that, on making the first deposit, the depositor should subscribe and thereby signify his or her assent to the by-laws. The plaintiff had done this. By-law eight provided that in case of loss of a pass-book, or satisfactory proof thereof and adequate indemnity, a duplicate might be issued. Another by-law was as follows: "No person shall have the right to demand or receive any sum as principal or interest without his or her pass-book that the amount demanded and paid may be entered therein." The plaintiff was a depositor. She testified on the trial that she had lost her pass-book and had not assigned or transferred it. She had offered no indemnity, and she sought to recover the deposit. Judgment was rendered in her favor on the report of the referee, and the bank appealed. The General Term held that these by-laws entered into and formed "a part of the contract between the plaintiff and the defendant. They were made for the protection of the depositors and of the bank. They protect depositors

from forged orders and those obtained by fraud. They are reasonable and valid, and they were assented to by plaintiff. It was then a part of the contract that the plaintiff should not have the right to demand her money without the pass-book in order that the amount paid might be entered therein. Now, in case of loss, it will be seen that the contract was, not that the money should be paid, but a duplicate book should be issued, on giving adequate security." . . . "Adequate security does not mean no security. The bank has a right to be protected against risk that the pass-book may be in the possession of some person who is or who may claim to be the rightful owner."

The plaintiff made application to the General Term for leave to go to the Court of Appeals, stating in the moving papers that it was a case presenting a novel question, which involved the right to millions of deposit money held in various savings banks in this State. The General Term refused the request. The case then came on for trial before the Judge of Albany county and a jury on the 12th day of February, 1886. Although the loss of the pass-book was proved and remained uncontradicted, and the fact that it had not been sold, transferred or assigned to any person or persons, and the fact that the bank had not notified her of their by-laws, nor called attention to the rules, were uncontested, yet a nonsuit was granted and judgment rendered for the bank, with costs against the plaintiff. No doubt many poor people, like the depositor in this case, cannot give bonds, and the law should be amended so that an assignee of a Savings bank book can have no lawful claim against a bank unless it is presented within one year after the original depositor has served a written notice that he or she has lost possession of the pass-book.

The opinion in this case, and in another litigation of more than usual interest where the Court of Appeals has rendered a recent decision, will be found in the appendix.

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### SPEECH OF THE PRUSSIAN MINISTER OF FINANCE ON BIMETALLISM.

The following speech was delivered by Herr Von Scholz in the Prussian House of Deputies :

I am no fanatic adherent to a gold currency. I am well aware of our heavy loss caused by the fall in value of silver, but am led to suppose that the decrease in the value of silver, and the transition to a universal gold currency, is not the particular fancy of any one single state; not the "fault," as has been said, of German legislation; but whatever our dispositions and feelings may be, it must be acknowledged as a universal fact, which we have had to face, which we had to face in 1870, 1871, and in the succeeding years, and the United German governments deserve the highest praise for having at the right moment a perception of the fact, and at the proper time securing the comparatively good and favorable position we now enjoy. Judging quietly and disinterestedly, one must praise the United German governments for not looking on indolently and letting things go as best they could, but for trying hard to steer into a harbor, from which favorable position we may now, with comparative composure, take the currency question into consideration. You will perhaps say, gentlemen, that is a wrong way of looking at the question; perhaps you believe, however, what bimetalists are fond of asserting, that the whole affair is the fault of the German government,

and that only since the commission of the fault has the world been in such a bad condition. Now will you please consider our present situation for a moment. Who is obliged, to-day, to pay his international negotiations in gold? For all I know, England, Portugal, and the three northern kingdoms; none other I believe. Not another state in the world is bound to liquidate its obligations in gold, unless by special treaty. We can therefore pay our debts at home and abroad in thalers. France and the other states of the Latin Union can discharge their liabilities in silver 5-franc pieces now as before. The same in Holland, where the silver florin plays the same rôle. What is the reason, then, that nobody thinks of paying his international obligations in silver; that no one dreams of paying in silver 5-franc pieces when France is asked for gold? It is the effect of the universal fact that in international traffic only gold is in request, and that no one would dare to make use of the incontestable right to pay in silver, though no treaty, no law, would prevent their doing so, for fear of the very disagreeable consequences on general credit and a depreciation of their obligations in the world's markets. There are plenty of examples which prove in a similar manner the power of this general conviction, but this is one of the striking ones. We can, I repeat, because I have found people whom I thought incapable of the error of imagining our thaler was no longer in currency for every obligation even abroad. I repeat it, we can pay everything in our silver and get discharged as well as the states of the Latin Union, with their silver 5-franc pieces. For all that no one does it, because the natural coercion of general conviction is stronger, and constrains everybody, even without a treaty. We should be in the most miserable position now, gentlemen, if we had not got by the union of the German governments the gold-currency system, though as yet only partially carried out. We should not only have all the trouble America now has with silver, our position would not be much better than that of states with paper currency, we should now—this I must concede to the gentlemen leading the agitation—be the most eager seekers after international double-currency, for our situation would be insupportable; whereas now we need not do so, considering that of all the interested States we have comparatively the most favorable position. This is the great benefit of the united German governments which cannot be obliterated, however partially the thing may be represented. Now our position in this affair does not prevent us from assisting, with great benevolence, all measures undertaken by other suffering governments to raise the value of silver. Such has always been the position of our united governments. We have, as you are aware, sent delegates to the coin conferences, in order to show our honest intention. I am convinced that in future we too shall devote our whole attention and earnest endeavors to the furtherance of this subject, for our own as well as the general benefit. There is a wide difference between such a way of working at the thing, however, and the motion now brought forward in thousands of petitions, sounding so simple, to introduce international double currency as soon as possible. These petitions, most of them containing but three lines, requesting to have bimetallism or international currency introduced as soon as possible, speak of it as a well-known unalterable thing, just like speaking of introducing a general obligation to send children to school, or general military service. As yet I have not been able to find anybody capable of giving me but an approximately satisfactory answer to the question: What is international double currency? Gentlemen, one of the most eager agitators for bimetallism in France, Mr. Cernuschi, at the beginning of the agitation, gave a sketch of a treaty, as he imagined it, between the states of the civilized world, embodying international bi-



metallism. The friends of the subject have closed the book at this page, and spoken no more about the treaty. The countrymen of Mr. Cernuschi himself have preserved the profoundest silence regarding it. I never heard that anyone in real earnest dared to acknowledge himself an adherent of this project, and though there are doubtless very clever, diligent and talented men among the German bimetallists, who daily write articles, books and pamphlets on the subject, I have not met with anyone yet who dared to propose a bimetallist treaty as he imagined it, and as he thought it might be signed after an exact scrutiny by every lover of his country. It is my belief that at a period when war is still possible, when adherence to treaties is not everywhere sure and eternal, when states have to support armies, this far-reaching subject will and must suffer shipwreck from the impossibility of establishing a satisfactory bimetallist arrangement. For it is not the same as with an arrangement about postal affairs, railways and duties, etc., where notice can be given *ad libitum*. The essence of a bimetallist treaty is to allow the introduction of blood into the heart of our economy, which only under certain circumstances can circulate, and which, should a breach of treaty ensue or other circumstances destroy it, will remain in our body and hinder our prosperity and the development of our institutions. I have therefore observed with a certain sadness that this agitation has spread very extensively, and that it has excited a hope among the agricultural classes—who are really in a pitiable condition and worthy of our sympathy—that they may through bimetalism improve thereby their present condition. Gentlemen, the subject extends far beyond the agricultural circles; the whole country, with all its different interests, is implicated therein, and one side of the matter cannot prove it sufficiently. What makes most impression in those circles is the consideration—Will Indian wheat still be capable of competing with ours? That it can do so is principally owing to the Indian silver currency. If we have the same currency as India, after the improvement in the means of communication and considering the cheapness of wheat in India, Indian wheat will still compete with us, and even be lower than our prices.

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#### AMERICAN SPECULATION.

It is no news that American speculation has played the mischief with American trade. We have seen the consequences of speculative control in the wheat and the cotton markets, and in the great accumulation of those staples, but the same cause has disturbed foreign trade in many other products. Unable to rely upon getting ample supplies from this country at reasonable cost, other countries have stimulated production elsewhere by their purchases, by building railroads and establishing steamship lines, and finally by protective duties. For the performances of the American speculator were cited as a strong argument by those who advocated duties on grain and meats in France and in Germany. But the unfriendly action of those Governments in regard to meat imports from this country, for years before the change of duties, had prepared every one to expect the later form of hostile legislation. By crowding out American provisions as far as possible, under the pretext that the public health must be protected, and then by shutting out American grain as far as possible with professed intent to relieve French and German farmers from competition with American "pauper labor," those powers have made a considerable difference in the aggregate demand for our products abroad.—*New York Commercial Bulletin*.

## SURETY ON NEGOTIABLE INSTRUMENT—LAW OF PLACE.

SUPREME COURT OF PENNSYLVANIA.

*Tenant v. Tenant.*

A note delivered in West Virginia, payable in that State, for goods sold there, must be deemed and taken to be a West Virginia contract, and the law of that State must govern in determining its validity, obligation and construction. The right of a surety on such a note, to discharge his obligation by a disregarded notice to the creditor to pursue the principal debtor is a matter affecting the obligation of the contract, and it, too, must be determined by the law of that State.

Affects remedy only—The statute of limitations is, in substance, a prohibition upon the use of process after a defined period, and this, of course, makes it matter of remedy only.

It is no defense for a surety on a note that the payee had purchased land from the drawer, and had paid him purchase-money that he might have retained, and applied to the payment of the note, unless it be shown that the drawer was willing to allow the note to go in payment of the consideration money.

Green, J.—The contract in suit in this case was, in form, a promissory note, under seal, for the payment of one hundred and thirty dollars and fifty-two cents (\$130.52), dated October 26, 1869, payable at nine months from date.

No place of payment is designated in the instrument, but it was given to an A. W. Tenant, administrator of William Tenant, deceased, who was resident of West Virginia at the time of his death, and the administrator was, and is, also a resident of the same State. The note was given in payment of certain articles purchased at administrator's sale, held in West Virginia, soon after the intestate's death, and was delivered to the payee in that State. Two sureties joined in the note, one of whom lived in West Virginia and the other in Pennsylvania, and it is against these the present suit is brought. Of course, the note being payable at the residence of the payee, and having been delivered there, for goods sold there, must be deemed and taken to be a West Virginia contract. This contract was made and was to be performed in that State, and, hence, the law of that State must govern in determining its validity, obligation and construction.

The only question in the case is whether the defense set up by the sureties must be determined by the law of West Virginia or the law of Pennsylvania. The defense is that the sureties gave notice to the creditor that he must proceed against the principal for the collection of the note, or they would no longer be responsible. By the law of West Virginia such a notice, to be effective, must be in writing. In this case it was verbal only, and, therefore, if judged by the law of West Virginia, it was nugatory. It is argued for the defendants that this right of relief to a surety is a matter relating to the remedy, and must, therefore, be determined by the *lex fori*. But we do not think this position tenable. The right of a surety to discharge his obligation by notice to the creditor to pursue the debtor is an incident of the contract of suretyship. It is a part of the law of that contract, and is, therefore, a part of the contract itself. It is a qualification of the obligation of the contract reducing it from a peremptory and absolute obligation to one of a qualified or conditional character. It is true the surety may not exercise his right, and if he does not, his obligation remains intact.

But, on the other hand, he may exercise it, and if he does, and the creditor pays no heed to the notice, and thereby fails to recover from the principal debtor, the very root of the surety's obligation is reached and destroyed, he is no longer liable, it is as though he had never contracted. Very different is this from the defense of the statute of limitations. There the obligation of the contract is not terminated or defeated. Only a right to enforce it, by an action in the courts, is imperiled. The State simply declares that if her process is used, it must be done within certain fixed periods of time, and if not so used, the defendant may, at his option, plead the laches of the plaintiff and receive the benefit of the prohibition. It is, in substance, a prohibition upon the use of process after a defined period, and this, of course, makes it matter of remedy only. For these reasons we think it quite clear that the right of a surety to discharge his obligation by a disregarded notice to the creditor to pursue the principal debtor is a matter affecting the obligation of the contract, and must, therefore, be determined by the law of the place of the contract. The notice given in this case was verbal only, and, therefore, of no effect by the law of West Virginia, and, hence, unavailing here.

Another defense offered to be proved, but rejected, was that the plaintiff had in his hands the means of satisfying the debt due by the principal debtor, because he had bought from the debtor an interest in some land for \$400, and paid him the money for it, instead of applying enough of it to pay off this debt. The offer of proof does not disclose whether the debtor was willing to convey his land to the plaintiff, and take the note in suit in part payment, and if he was not willing, it is difficult to see how he could have been compelled to do so. Nor does the offer disclose whether the debtor did convey, or was willing to convey, the land upon credit, and without that element it does not appear that the plaintiff ever did have the means of extinguishing the debt in suit by applying his own debt in discharge of it. For aught contained in the offer, it does not appear that the debtor was willing to accept, or did accept, anything but actual cash down, as the consideration of his conveyance, and therefore there was no error in rejecting the offer. But even if the plaintiff did for a time owe the purchase-money to the principal debtor, it was due by him individually, while the debt due to him was due in his representative capacity, and he certainly could not lawfully use the assets of the estate to pay his private debt. He could not in any event be compelled to do so against his will, and that is what is asked by the rejected offers of proof.

Judgment affirmed.

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TRUST—TRUSTEE PURCHASING TRUST PROPERTY—SUBSEQUENT BONA FIDE PURCHASER.—A trustee cannot purchase or deal in the trust property in his own behalf or for his own benefit, directly or indirectly. Such a purchase however is not void *ab origine*, but voidable only and at the instance of the *cestui que trust*, or of a party who has acquired the right which belonged to the one in that relation. Even while in the hands of the trustees the title may be confirmed as well by acquiescence and lapse of time as by the express act of the *cestui que trust*, and a legal estate in the property acquired by a subsequent *bona fide* purchaser in good faith and without notice cannot be impeached even in equity. He takes the land free from the trust. [*Harrington v. Erie County Savings Bank*. N. Y. Ct. of Appeals.]

## NEGOTIABLE INSTRUMENT—ACCEPTOR.

NEW YORK COURT OF APPEALS.

*Heurtematte v. Morris.\**

In an action against the acceptor of a bill of exchange, by a payee, who is a *bona fide* holder for value, and who takes it before acceptance, it is no defense that the acceptance was made without consideration, or that the acceptor was induced to accept the bill by the false and fraudulent representations of the drawer.†

Ruger, Ch. J.—In the discussion of this case it is unnecessary to consider particularly the agency of Hourquet & Poylo in the transaction, as they acted solely as the gratuitous agents of the plaintiffs and had no interest in the subject of the business. It may, therefore, be treated as a transaction occurring directly between the plaintiffs and Rau Runnels, and, concisely described, was to the following effect: The plaintiffs were merchants doing business at Panama, and one Christophle was a customer and debtor of theirs, residing at San Juan del Sur, near Rivas, in the State of Nicaragua.

Christophle was desirous of discharging his obligations to the plaintiffs, but was embarrassed in doing so by the infrequency of communication between Rivas and Panama, and the want of a system of exchange, enabling them to transmit funds safely and expeditiously from one place to the other. Under these circumstances the plaintiffs consulted Hourquet & Poylo, a business firm at Panama, as to the best manner of collecting the debt. The plaintiffs were informed by Hourquet & Poylo that Rau Runnels was a correspondent of theirs residing at Rivas, and that the collection could probably be made through him, and offered to transmit a draft on Christophle to Runnels for that purpose. Thereupon the plaintiffs made their draft on Christophle at sixty days for \$1,000, payable to Hourquet & Poylo, who indorsed the same to Runnels, and forwarded it to him at Rivas for collection. In due time it was received by Runnels, and at its maturity was paid to him in Columbian currency.

It becomes important now to determine the legal obligations and duties of the parties toward each other at this stage of the transaction. In the collection of the draft Runnels acted as the mere agent of the plaintiffs, and had no interest in the proceeds except, perhaps, a lien thereon for the value of his services in making the collection. He had no right or authority to use such funds for his individual purposes, and his sole duty in relation to them was that of their transmission to his principals. The nature of the business impliedly authorized him to make such transmission according to the usages in trade, and in the absence of such usages, to do so by some other method which should, in the exercise of reasonable care and prudence, promise to accomplish the object intended. It was, therefore, open to him to transmit the funds received in specie as they were collected, or he could have purchased a bill of exchange, if opportunity served at that place, and transmitted that; or, he could remit them in any other way deemed most safe, convenient and desirable to him, subject to the approval by his principals of the method adopted. It does not appear in the case

\* Reversing 28 Hun., 77.

† See *Arpin v. Powers*, 2 East. Rep't, 526.

but that Runnels was a merchant or banker, and accustomed to sell exchange upon foreign places. However that may be, he, in fact, sent to the plaintiffs, February 4, 1879, immediately upon collection, the proceeds thereof, less cost of collection and exchange on the draft in suit. This was his own draft upon the defendant Morris at New York, on ninety days' sight. Upon the receipt of this draft by the plaintiffs it was accepted by them and remitted to New York, for presentation to and acceptance by the drawee, and the same was accepted by him February 26, 1879.

The sole question in the case is whether the plaintiffs were *bona fide* holders for value of the draft. We cannot doubt but that they were. If, on receiving the funds in question, Runnels had purchased with them a bill of exchange or draft from a merchant or banker, according to the usages of trade, and transmitted the same to the plaintiffs, no question could arise, but that he acted as their agent in the transaction, and they would have been *bona fide* holders of such paper within all definitions of that character, and we are unable to see the difference in principle between such a case and the transaction in question. The funds collected by Runnels were, until they consented to their appropriation by him, at all times the property of the plaintiffs. Runnels' sole duty in relation to them was that of transmission to the plaintiffs, and until that duty was legally performed, he held them in a fiduciary capacity for a specified purpose. His duty of transmission could not be performed by remitting his own obligation, payable at a future day, except by the consent and approval of the plaintiffs. Until this consent and approval were given, the funds remained the property of the plaintiffs, and any use of them by Runnels before that time would have constituted a violation of his duty to his principals, which it cannot be presumed he committed.

Doubtless the lack of adequate facilities of exchange between Rivas and Panama induced Runnels to offer, and the plaintiffs to accept, the mode of remittance adopted, and it was entirely competent for Runnels to propose, and for the plaintiffs to accept, such a solution of the inconveniences of the situation; but no title to the funds collected passed to Runnels until the acceptance of the draft by the plaintiffs. After that, and not till then, he was entitled to use those funds as his own.

By the original employment the plaintiffs contemplated no credit to Runnels, and he had no right to, and it does not appear that he even supposed he acquired any right to use the funds in question for his own purposes, or that he ever did so use them. The conventional relation of debtor and creditor never existed between Runnels and the plaintiffs until the acceptance of his draft upon Morris, and then those relations were governed by the liabilities existing by force of the draft alone.

In accordance with the rule which precludes a court from presuming a violation of duty by an individual, we must assume that Runnels performed his duty, and his whole duty, to the plaintiffs as their agent. This required him to safely keep their funds until he had transmitted them according to the usage of trade, or in some other mode approved by them. The legal effect of the method adopted was to transfer the title to the funds collected to Runnels, simultaneously with the acceptance by the plaintiffs of Runnels' draft upon Morris, and was the precise equivalent of the payment of so much money in the immediate purchase of a draft or bill of exchange by one person from another.

We are, therefore, of the opinion that the plaintiffs were the *bona fide* holders for value of the draft in suit, and entitled to recover thereon.

The general term conceded that the plaintiffs were *bona fide* holders for value of the bill before acceptance, but deny them that character after acceptance as against the acceptor. We think the concession is fatal to the conclusion reached by that court.

It is said that *Farmers and Mechanics' Bank v. Empire State Dressing Co.*, 5 Bosw., 290, is authority for the position. It is true that some expressions of the learned judge writing in that case may justify the citation, yet it should be considered that those remarks were unnecessary to the decision of the case, and the same court have twice since then refused to follow it. We conceive the rule there laid down finds no support in the doctrines of the text-writers or the reported cases. *Philbrick v. Dallet*, 34 N. Y. Supr., 370; *First Nat. Bank of Portland v. Schuyler*, 39 id., 440; Pars. Bills and Notes, 323; Dan. Neg. Inst., § 534; Edw. Bills (2d. ed.), 410.

If a party becomes a *bona fide* holder for value of a bill before its acceptance, it is not essential to his right to enforce it against a subsequent acceptor, that an additional consideration should proceed from him to the drawee. The bill itself implies a representation by the drawer that the drawee is already in receipt of funds to pay, and his contract is that the drawee shall accept and pay according to the terms of the draft. 1 Pars. Bills, 323, 544; *Arpin v. Owens*, 2 East Rep'r, 526, Mass. Sup. Ct. The drawee can, of course, upon presentment, refuse to accept a bill, and in that event the only recourse of the holder is against the prior parties thereto; but in case the drawee does accept such a bill he becomes primarily liable for its payment, not only to its indorsers, but also to the drawer himself.

The delivery of a bill or check by one person to another for value implies a representation on the part of the drawer, that the drawee is in funds for its payment, and his subsequent acceptance of such check or bill constitutes an admission of the truth of the representation which he is not allowed to retract. Dan. Neg. Inst., § 534; Pars. Bills, 323, 544, 545. By such acceptance the drawee admits the truth of the representation, and having obtained a suspension of the holder's remedies against the drawer, and an extension of credit by his admission, he is not afterward at liberty to controvert the fact as against a *bona fide* holder for value of the bill.

The payment to the drawer of the purchase-price furnishes a good consideration for the acceptance, which he then undertakes shall be made, and its subsequent performance by the drawee is only the fulfillment of the contract which the drawer, he impliedly represents that he is authorized by the drawee to make. The rule that it is not competent for an acceptor to allege as a defense to an action on a bill that it was done without consideration, or for accommodation, as against a *bona fide* holder for value of such paper, flows logically from the conclusive force given to his admission of funds, and is elementary. Dan. Neg. Inst., §§ 532-534; Edw. Bills, 410; *Harger v. Worrall*, 69 N. Y., 371; S. C., 25 Am. Rep., 206; *Com. Bank of L. Erie v. Norton*, 1 Hill, 501; *Robinson v. Reynolds*, 2 Q. B., 211; *Hoffman v. Bank of Milwaukee*, 12 Wall., 181.

Of course, the cases determined upon the ground that the holder of such paper received it to apply upon an antecedent debt, or that it had been unlawfully diverted from the purpose for which it was designed, have no application to the circumstances of this case.

The judgment of the courts below must, therefore, be reversed, and a new trial ordered, with costs to abide the result.

## SAVINGS BANK PASS BOOK—PAYMENT TO STRANGER.

NEW YORK COURT OF APPEALS.

*Smith v. Brooklyn Savings Bank.*

A Savings bank pass-book is not negotiable paper, and its possession, in itself, constitutes no evidence of a right to draw money thereon. It merely imports a liability of the bank to the depositor for the money deposited, and an agreement to pay it at such time and in such manner as he shall direct.

The defendant paid a depositor's money to a stranger who had possession of his pass-book, and sought to justify such payment under a by-law printed in the pass-book at the time it was delivered to the depositor, as follows: "All deposits and drafts must be entered in the pass-book at the time of the transaction, and all payments made by the bank upon the presentation of the pass-book entered therein will be regarded as binding upon the depositor. Money may also be drawn upon the written order of the depositor or his attorney, when accompanied by the pass-book."

*Held*, that, assuming that the mere acceptance by the depositors of a pass-book containing a by-law regulating the manner of making deposits and payments constituted a contract between the parties, yet the by-law referred to could not be construed to justify a payment to a third party unless a written order accompanied the pass-book.

The trial court refused to submit the question to the jury as to whether, upon the evidence, the bank exercised reasonable care and prudence in making the payments, and excluded evidence tending to show want of care and prudence on part of the bank in disbursing plaintiff's funds. *Held*, error.

Ruger, Ch. J.—The defendant, a Savings bank, seeks to justify the payment by it of a depositor's money to a stranger upon the ground that such payments were made to a person having possession of the depositor's pass-book. Such a pass-book is not negotiable paper, and its possession in itself constitutes no evidence of a right to draw money thereon. It merely imports a liability of the bank to the depositor for the moneys deposited, and an agreement to repay them at such time and in such manner as he shall direct. This contract is implied from the nature and objects of the transaction occurring between the parties. *Crawford v. West Side Bank*, 100 N. Y., 51; S. C., 2 East. Rep'r, 287. The depositor may, by special contract, authorize payments to be made in some other manner than by his directions; but, in order to make such payments a protection to the bank, it is necessary for it to show some special agreement with the customer authorizing such a mode of procedure.

The defendant in this case claims to have had such authority by force of a by-law printed in the pass-book delivered to the plaintiff at the time of making his first deposit. Assuming, for the purpose of the argument, that the mere acceptance by the depositor of a pass-book containing by-laws regulating the manner of making deposits and payments constitutes a contract between the parties, we will inquire into the meaning and intent of the by-law referred to. It reads as follows: "All deposits and drafts must be entered in the pass-book at the time of the transaction, and all payments made by the bank upon the presentation of the pass-book, and duly entered therein, will be regarded as binding upon the depositor. Money may also be drawn upon the written order of the depositor or his attorney when accompanied by the

pass-book. No money shall be received, nor shall any money be paid out, except by the teller at the bank, in the presence of an officer or trustee. No money shall be withdrawn, as a matter of right, without three months' previous notice." We do not think this by-law supports the contention of the defendant.

It is argued by it that the phrase "all payments," as used therein, means any sum of money delivered by it to any person who may, for the time being, have in his possession the pass-book, and it is only by assuming that such a delivery of money is a payment upon that account that any color of support is afforded to the argument. This may have been the understanding and intention of the bank in framing the by-law, but in order to make that understanding obligatory upon the customer it was also necessary that he should have a similar understanding, or that the law should have been expressed in language incapable of any other fair construction. We do not think that the word "payment," as used in it, can, according to the legal or common acceptation or meaning of the word, be construed to mean any sums which the bank might choose to disburse, regardless of the person to whom they were made. Payment by a debtor can be legally made only to the creditor or his authorized representative, and in order to constitute any other transaction a payment, it is essential to its validity that it should be authorized by the person entitled to demand it.

The defendants have not here shown any such authority. An agreement that payments made in a particular manner shall be binding and conclusive upon the depositor, does not tend to authorize a payment made to a stranger or give any other signification to the word "payment," than it usually bears. The effect which it is argued, should be given to the language used, can be indulged in only by force of a contract with the depositor, but it is here attempted to imply the contract from the mere use of the words "all payments shall be conclusive," etc. This is reasoning in a circle, and proves nothing.

Further examination of the provisions of the law confirms our views. It is quite improbable that so important a power should have been left to be inferred from loose and doubtful phraseology if it had been originally intended to be conferred by the parties, and the plaintiff is entitled in this case to that construction of the by-law which makes it conform to the popular and ordinary signification of its language.

The by-law seems to contemplate but two modes of payment, both of which require the presentation of the pass-book as the condition thereof, one apparently authorizing a payment to the depositor personally, and the other one which may be made in his absence. The one provides for the conclusive effects of payments made and duly entered in the pass-book, and the other for payments made in his absence to a third person having possession of the pass-book. This provision requires the depositor's written order to accompany the pass-book.

The fair implication from this provision is, that no other payments to strangers are contemplated or authorized. *Expressio unius est exclusio alterius*. Any other construction of the by-law would render the clause referred to, unmeaning and inoperative. If the bank were authorized to make payments to a stranger having possession of the pass-book alone, the provision authorizing the bank also to make such payments to a stranger not only having possession of the pass-book, but also of the depositor's written order, would be useless and unmeaning.

It is the duty of a court to give effect to all of the provisions and language used in framing a law if it is susceptible of such a construction, and they are precluded from giving it such an effect as will render any of its clauses inoperative or ineffectual. Such a construction as we



have indicated is the only one which gives a legitimate operation to the clause referring to a written order.

This case is not affected by the decisions in *Schoenwald v. Metropolitan Bank*, 57 N. Y., 418, and similar cases where the language of the contract is substantially different. There the language of the by-law plainly implied and provided for payments made to other persons than the depositor, and gave a signification to the word payments, which included strangers having possession of the pass-book.

The conclusion reached by us as to the authority conferred by this by-law upon the bank in making payments, renders it unnecessary to refer to the other questions in the case. It may not, however, be inappropriate to say that we are also of the opinion that within the cases of *Boone v. Citizens' Savings Bank*, 84 N. Y., 88; S. C., 38 Am. Rep., 498, note; 9 Abb., N. C., 146, and *Allen v. Williamsburgh Savings Bank*, 69 N. Y., 321, the court below erred in refusing to submit the question to the jury as to whether, upon the evidence in the case, the defendant exercised reasonable care and prudence in making the alleged payments.

It follows, of course, from this that the trial court also erred in excluding evidence tending to show the want of care and prudence on the part of the bank in disbursing the plaintiff's funds.

The judgments of the general and trial terms should be reversed, and a new trial ordered, with costs to abide the result.

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## LEGAL MISCELLANY.

**MORTGAGE—SECOND MORTGAGEE WITH KNOWLEDGE OF FIRST—PRIORITY.**—When a mortgagee has notice of a first mortgage, and such mortgage is recited in his own mortgage as being a first lien, he cannot claim that his mortgage takes precedence of a new mortgage, executed and recorded after his mortgage, to correct a mistake in the description of the property in the first mortgage. [*Council Bluffs Lodge v. Billups*. Iowa Sup. Ct.]

**USURY—INNOCENT PURCHASER—BURDEN OF PROOF.**—Where usury in the original transaction for which negotiable promissory notes are given is proved, a party who claims to have purchased the notes before maturity must assume the burden of proof to show that he is the *bona fide* purchaser before maturity, and without notice. *Wortendyke v. Meehan*, 9 Neb., 228; *Norris v. Langley*, 19 N. H., 423; *State Bank v. Thompson*, 42 id., 369; *Converse v. Foster*, 32 Vt., 828; *Sistersmans v. Field*, 9 Gray, 331; *Smith v. Columbus State Bank*, 9 Neb., 31; *Paton v. Coit*, 5 Mich., 505. Where, however, the illegal consideration is shown, the burden of proof is on the plaintiff to show that he is a *bona fide* holder for value before the maturity of the note, and without notice. *Savings Bank v. Scott*, 10 Neb., 86; *Olmstead v. New England Mortg. Sec. Co.*, 11 id., 492; S. C., 9 N. W. Rep. 650; *Cheney v. Cooper*, 14 Neb., 416; *Evans v. De Roe*, 15 id., 631. In this case there is not a particle of proof that the plaintiff either purchased the notes before maturity, paid any sum whatever for them, or that he was ignorant of usury in the transaction, which the undisputed testimony clearly shows to have existed. This being the case, the notes are subject to the defense of usury. [*Darst v. Backus*. Nebraska Sup. Ct.]

AGENCY—OSTENSIBLE AUTHORITY—RATIFICATION.—If a principal clothes an agent with real or ostensible authority to deposit money in a bank, and take a certificate of deposit therefor in his own name, and to receive payment of such certificate, he cannot afterward be heard to object to such payment. If such principal did not give such authority, a subsequent ratification of such payment or acts which would lead the bank to suppose that he had so ratified it, and which lulled the bank into security until the agent had become insolvent, will bar the principal from any action against the bank. [*Dewar v. Bank of Montreal*. Ill. Sup. Ct.]

NEGOTIABLE INSTRUMENT—CERTAINTY—ALL TO BECOME DUE ON FAILURE TO PAY A PART.—An instrument in writing in the form of an ordinary promissory note, payable on a certain day, but containing a clause reciting that the instrument is one of a series of notes, and providing that "each and all shall become due and payable to the holder on the failure of the maker to pay the principal or interest of any one of the notes of said series," and also reciting that the consideration of said notes was certain railway freight cars manufactured and sold by the payee to the maker, and providing "that the title of said cars shall remain in the payee until all the notes of said series, both principal and interest, are fully paid," held to be a negotiable instrument. [*Merchants' Nat. Bank of Chicago v. Chicago Railway Equipment Co.* Cir. Ct. W. D. Wis.]

CONTRACT—WARRANTY—REPUDIATION.—In a mercantile contract a statement descriptive of the subject matter, or of some material incident, such as the time or place of shipment, is ordinarily to be regarded as a warranty or condition precedent, upon the failure or non-performance of which the party aggrieved may repudiate the whole contract.

Under a contract made in Philadelphia for the sale of "5,000 tons iron rails, for shipment from a European port or ports, at the rate of about 1,000 tons per month, beginning February, 1880, but whole contract to be shipped before August 1, 1880, at \$45 per ton of 2,240 pounds, Custom-house weight, *ex ship* Philadelphia; settlement, cash, on presentation of bills accompanied by Custom-house certificate of weight; sellers not to be compelled to replace any parcel lost after shipment"—the sellers are bound to ship 1,000 tons in each month, from February to June inclusive, except that slight and unimportant deficiencies may be made up in July; and if only 400 tons are shipped in February, and 885 tons in March, and the buyer accepts and pays for the February shipment on its arrival in March, at the stipulated price, and above its market value, and in ignorance that no more has been shipped in February, and is first informed of that fact after the arrival of the March shipments, and before accepting or paying for either of them, he may rescind the contract by reason of the failure to ship about 1,000 tons in each of the months of February and March. [*Norrington v. Wright*. U. S. Sup. Ct.]

NEGOTIABLE INSTRUMENT—ASSIGNMENT OF, BY FOREIGN EXECUTOR—ASSIGNEE MAY SUE.—A party to whom an executor appointed by a will duly probated in another State, but not probated in this State, has assigned a promissory note in accordance with a bequest in such will, may maintain an action on the note against the payee in this State. It does not appear whether or not the decedent was indebted to any resident of this State. It is insisted that a foreign executor cannot maintain an action in the courts of this State. For the purposes of this case this will be conceded, and this being done, it is further insisted that for

the same reason the assignee of such an executor cannot maintain such an action. Counsel cite and rely on *Thompson v. Wilson*, 2 N. H., 292; *Stearns v. Burnham*, 5 Me., 261; *Dial v. Gary*, 14 S. C., 573; S. C., 37 Am. Rep., 737. These cases sustain the proposition above stated. The reasoning upon which they are based largely is that the authority of an executor is limited to the State in which he was appointed, and that every State should prevent the removal of the property of an estate until it has been determined there are no creditors citizens of the State who are entitled to have such property appropriated to the payment of the indebtedness due them in accordance with the laws of the State in which they reside. There are authorities which announce a different rule, and it has been held that a foreign executor may assign a promissory note, and that his assignee may maintain an action thereon in the courts of a State other than that in which the executor was appointed. *Harper v. Butler*, 2 Pet., 239; *Wilkins v. Ellett*, 108 U. S., 256; *Rand v. Hubbard*, 4 Metc., 252; *Peterson v. Chemical Bank*, 32 N. Y., 21; *Owen v. Moody*, 29 Miss., 79; Story Conf. Laws, § 359. The reason upon which these cases are based mainly is that the title to promissory notes belonging to an estate vest in the executor, and that he can do what the decedent could have done in his lifetime; that is, assign the notes so as to vest the title in his assignee, so as to enable him, as such owner, to maintain an action thereon against the maker in the courts of any State in which the latter resides. This seems to us to be the better view, and we therefore adopt it, deeming it unnecessary to state at greater length the reasoning upon which the cited cases are based. [*Campbell v. Brown*, Sup. Ct., Iowa.]

USURY—ACTION BY COMMISSION MERCHANT—CHARGING INTEREST ON MONTHLY BALANCES—CONTRACT—TWO INSTRUMENTS EXECUTED AT SAME TIME—VENDOR AND VENDEE—LAND SUBJECT TO INCUMBRANCE.—Where mutual dealings are had between a mill-owner and his commission merchants, whereby the latter have made advances and served the former as his agents for a period of twelve years, rendering stated accounts monthly, which were admitted to be correct, it is too late to plead usury in defence of a bill filed by the commission merchant to enforce the payment of a balance ascertained to be due them. It is not usurious to charge interest on balances agreed to be due at the monthly settlements when the parties conducted their business in the manner stated. *Pinckard v. Ponder*, 6 Ga., 253. Where two instruments are executed at the same time, between the same parties, relative to the same subject-matter, they are to be taken in connection as forming together the several parts of one agreement. *Slaughter v. Culpepper*, 44 Ga., 319. 2 Bl. Com., 327; Co. Litt., 236. Where a creditor takes from a debtor deeds to lands to secure his debt, and at the same time executes an instrument giving to the debtor the full right to sell the lands and make titles, stipulating, however, that the proceeds of such sales shall "go to the credit" of the debtor, a purchaser from the debtor under such power to sell takes a good title, nor in the absence of allegations and proof of collusion and fraud between the debtor and the purchaser, is the latter to be held responsible for the misapplication of the purchase-money. This question has been adjudicated by the courts of the several States, so as to leave a distressing conflict of authority; but the Supreme Court of the United States have settled the rule for our guidance here. They hold that a grantee in a quit-claim deed cannot defend as a *bona fide* purchaser without notice. *Villa v. Rodriguez*, 12 Wall., 323; *Dickerson v. Colgrove*, 100 U. S., 578. It may well be doubted however whether these are quit-claim deeds. They convey the title absolutely without the usual phraseology, "remise," "release," "relin-

quish," "quit-claim," etc. Besides, no form in Georgia is necessary to a conveyance, provided the intent to convey is clear. *Ball v. Wallace*, 32 Ga., 172. Conceding however that the deeds are of the character claimed by the complainants, the notice with which the purchaser was charged is defect of title. But there was no such defect here, as Jewell had the right to sell and to make titles. This right was exercised. But it is insisted that the quit-claim deeds should have the effect to put on the purchasers the duty to see that the purchase-money found its way into the hands of those to whom it belonged. 2 *Perry Trusts*, 796, and 2 *Story*, 1127-1132, inclusive, are cited. The English rule on this intricate topic is as follows: "Where the trust is to pay from the proceeds of sale a particular debt, the purchaser must see that the money finds its way into the hands of those to whom it belongs." *Perry Trusts*, 796. But this rule is not favored in American courts, and the same author (par. 798) concedes this; and Mr. Justice Story declares, after a full statement of the nice distinctions involved: "They lead strongly to the conclusion, to which not only eminent jurists, but eminent judges have arrived, that it would have been far better to have held in all cases that the party having the right to sell had also the right to receive the purchase-money, without any further responsibility on the part of the purchasers as to its application." *Story Eq. Jur.*, 1135. See also *Elliott v. Merryman*, Lead. Cas. Eq. (Am. Notes), 73. [*Woodward v. Jewell*. U. S. Circuit Ct., Georgia.]

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## ECONOMIC NOTES.

### COMPULSORY INSURANCE IN GERMANY.

Dr. Aschrott, the German expert examined by the Parliamentary Committee on National Provident Insurance, has written a letter containing the following information with regard to the German law of insurance: "1st. The law of insurance against accident has been declared to be in full force from the 1st of October, 1885. 2d. It has been found that the number of persons compelled by the law of insurance against sickness to insure is about 4,000,000. Beside this number, most of the local authorities have availed themselves of the power to compel further classes of the population to insure against sickness, so that the total number of persons who are subjected to the law of insurance against sickness is a much larger one. In Berlin alone this number is estimated at 240,000 (nearly one-fifth of the population). 3d. By an amendment to the laws of insurance against sickness and against accident (dated June 6, 1885), the compulsion to insure will, from the beginning of next year be extended to the whole administration of the post, the railways, the telegraph, and all trades connected with transport. 4th. There is now a great movement to extend further the compulsory insurance; especially, Professor Schaffle has suggested to introduce compulsory insurance for old age. 5th. We have found that the introduction of the laws of insurance has not at all led to a diminution in the number of members of friendly societies or trade unions; on the contrary, nearly all the trade unions have had an enormous increase since the establishment of compulsory insurance; for instance, the Union of Cabinet-makers, which had, in the first quarter of 1884, 30,217 members, had in the first quarter of 1885, about 72,000 members.—*London Times*.

*SMALL INCOMES IN BERLIN.*

Plain living must clearly be the order of the day in Berlin, whether or not high thinking goes along with it. Out of a total population of 1,200,000, nearly 222,000 are altogether exempt from municipal taxation as having incomes of less than £21 a year. The incomes of nearly 270,000 range between £21 and £33, so that, however cheap sausage, cabbage, and beer may be, there is clearly no great margin for luxurious excess. When we come to the other end of the scale we find incomes proportionately modest. Incomes between £5,000 and £10,000 are credited to 108 individuals; 18 persons have incomes up to £15,000, 5 up to £20,000, 9 up to £27,000, and 4 persons only exceed this sum. If we could get at similar statistics of the incomes of Germans in London the result of the comparison would probably be so startling that half Berlin would rush to swell the tide of Teutonic immigration.

*INDIAN RAILWAYS.*

The last English mail brings us a very significant table as an appendix to a Parliamentary report on Indian railways, just issued, giving a forecast of construction and outlay in that country from 1884-5 to 1889-90. The Famine Commissioners thought an outlay of \$2,800,000 per annum the maximum limit of expenditure on Indian public works, but it is now intended to spend on railways alone no less than £20,490,399 within the next five years, or over £4,000,000 sterling per annum. No fewer than thirty separate systems are projected. When these railways are completed, the calculation is that, with an abundance of Asiatic cheap labor, John Bull will have occasion for very little American wheat. It may be an erroneous calculation, but our western farmers, nevertheless, will be very unwise if they underrate the increasing competition that is thus looming up in the future. The better way is to look it straight in the face and prepare to meet it.—*N. Y. Commercial Bulletin.*

*INDIA VERSUS ENGLISH FARMERS.*

The English capitalists have been putting money into India that that country may be able to produce wheat and cotton for less than the United States. It seems now that this fruit of cheap labor begins to tell on English farmers. The present low price of wheat in the Liverpool and London markets is more the result of Indian competition than of the enormous production in America. The introduction of improved means of transportation in India will end in a contest between the farmers of the Western States, aided by improved machinery, cheap land, and the like, and the low-priced labor of India. Whatever else the result of that struggle, it cannot but work to the everlasting injury of the agricultural class of England. The farmers of Yorkshire have recently formed a co-operative society, in order that they may sell produce directly to the consumer, and get rid of the middleman and his profits. Careful observers report that agriculture in Scotland is in a very bad condition. Many farms have been deserted, and are degenerating to a wild state like the abandoned farms on the hills in some parts of New England. But the trouble in Scotland, while due, in the first place, to foreign competition, has been prolonged and intensified by high rents. But the margin of profit which the farmers propose to make by this work can be equally made by the American and Indian farmers. Gambling in our grain markets in the past led the foreign consumer to develop the agricultural resources of regions that are now our formidable rivals, and gambling in the same market now tends to confirm the trade arrangements which it then caused to be established.

*THE DRIFT OF POPULATION TO GREAT CITIES.*

A few years ago there were but eight cities in Germany with a population of over 100,000. Now there are twenty. Berlin, a dozen years ago, contained 800,000; now, 1,500,000. The urban population has immensely increased, and is already giving the Government much anxiety. Whereupon the *Chicago Tribune* remarks: "The causes which have induced this exodus from the farms and villages to the cities are not dissimilar to those which operate in our own country. The young men drift into the cities, hoping to get lighter work or to live without hand-soiling, sweat-causing labor, if possible; to get more beer, potato whiskey, and tobacco; to have more amusement and leisure, and to enjoy life. The result is, that these rural young men, finding themselves disappointed, drift rapidly into Communism and enrol themselves among the enemies of society. Communism in Germany is the same as Communism everywhere else. Its aim is to get something for doing nothing, and be maintained in idleness at the expense of the State or the community. The problem which confronts Bismarck is a serious one, for, at the present rate the rural districts will soon be so depopulated as to substantially non-productive, and the cities will be overcrowded with idlers."

*HAVE PRICES FALLEN?*

The Director of the Mint has furnished, in advance sheets from his report upon the production of precious metals in the United States for 1885, some statistical tables of very great importance at the present time. The first of these, compiled from the very best authorities, shows the ratio of silver to gold for each year since 1687. In that year the ratio was 14.94; in 1787 it was 14.92, and the greatest fluctuation during the intervening century was between 15.52 in 1702 and 14.14 in 1760. In 1793, the year of the establishment of the United States Mint, the ratio of silver to gold was exactly 15 to 1, and from that time on to 1870 it fluctuated between that extreme figure and 15.93, which was reached in 1843, with the exception of one year, 1808, when the ratio ran to 16.08.

Thus it will be seen that, while the fluctuation in the relative value of the two metals was at several times sufficient to prevent their circulation together, it was comparatively slight—the range being practically between 15 and 16 to 1—up to the time of the resumption of silver coinage in 1873. In that year the ratio of silver to gold was 15.92. The next year it was 16.17, the next 16.59, and so on by gradual and uninterrupted course, through sixteen, seventeen and eighteen, until in the year 1885 it reached 19.41. That is, one ounce of gold, that would formerly buy about fifteen ounces of silver, will now buy nearly nineteen and a-half.

But it may be said, this depression of silver is but a part of the general fall of prices, brought about by the scarcity of gold and the consequent advance of the standard of value. This point is answered completely by another of the tables before us, which presents the rise and fall of the prices of the principal commodities in the New York market since 1880, compared with the average prices of 1845-50. Of course, a computation like this affords more room for error or fallacy than the other, but there is no reason to question the accuracy of the figures and the commodities selected—including, among others, flour and grain, coal, copper, cotton, fish, iron, lead, leather, molasses, pork, salt, sugar, tobacco and wool—are fairly representative. Some of these commodities have fallen in price, and some have risen; in very few of them has there been any such fluctuation in prices, as is shown in the case of silver, and the average of the thirty-eight commodities—exclud-

ing copper, which has recently undergone a rapid fall on account of increased production—is 1,027, reckoning the average prices of the same commodities from 1845 to 1850 as 1,000.

This shows that while some commodities have fallen in price in thirty-five years, the fall has not been general. Thus, while wheat, for example, is but 831 against 1,000 in 1845, and coal but 700, copper is 1,506, mackerel 1,950, and wool 1,252, and cotton remains at 976, or nearly the same. Special causes, affecting supply and demand, will account for a rise in one case and a fall in another. The average remaining about the same, shows that the standard has not altered. The same comparison applied to silver, shows its value in 1885, as against 1,000 in 1845-50, to be but 815. In other words, silver is a commodity whose price has fallen more than the average articles entering into the world's daily consumption. A bale of cotton, which was worth within two and a-half per cent. as much in 1885 as it was in 1850, would be a more stable standard of value than a given weight of silver, which has lost nearly twenty per cent. of its market value in fifteen years. These are facts which the advocates of the silver standard cannot meet.

#### POLL TAX IN 1377.

The troubles which followed after the death of the Black Prince caused a speedy mode of raising a revenue to be desired, and the poll tax of 1377—"a tax hitherto unheard of"—was agreed to. This first poll tax was levied, and paid apparently without murmuring. Perhaps the pressing danger of invasion, threatened by the French, rendered the people more pliable. But, as troubles continued, another tax of the same description was agreed to—equally a poll tax, but graduated so as to be less open to objection on the ground of inequality. Rank was the basis taken. The two Dukes of Lancaster and Bretagne were charged each 10 marks, or £6 13s. 4d. Earl and countesses, being widows, 6 marks, or £4; barons and bannerets, 3 marks; Knights Bachelors and substantial esquires, 1½ marks; esquires of less estate and substantial merchants, half a mark. The Knights Hospitallers were charged separately. The Chief Prior, the same as a baron. Every commander of the order, the same as a Knight Bachelor. Every other brother, being a knight of the order, 13s. 4d. The Judges and the Chief Baron of the Exchequer were charged £5. Sergeants and grand "apprentices of the law," £2; every other "apprentice to the profession of the law," £1; all other apprentices and attorneys, 6s. 8d. The Mayor of London was charged on the footing of an earl; the Aldermen of London, and the Mayors of the great towns on the scale of barons; franklins, farmers and cattle-dealers, half a mark or a quarter of a mark. For the clergy, a special scale was fixed. The Archbishop of Canterbury, £6 13s. 4d.; bishops, mitred abbots, and other spiritual persons, being peers, £4; other beneficed clergy, from £3 down to 5s., according to the value of their office; monks and nuns, according to the value of the house to which they belonged, from 3s. 4d. down to 4d. This last was also the charge on the poorest class which paid the tax at all. The classification of the inhabitants of the realm according to the differences in this scale is curious. It places the Archbishop of Canterbury on the same footing as the dukes of the blood royal, and ranks the other bishops and mitred abbot for fiscal purposes with earls. The Mayor of London was on the same level. The Judges and the Chief Baron of the Exchequer are ranked above earls, and next to the rank on which the Archbishop is placed. While the high standing of the superior clergy is thus shown, the lower ranks among the clergy are estimated no higher than the common people, and are taxed like them.—*The Quarterly Review*.

## CORRESPONDENCE.—CROSSED CHECKS.

*To the Editor of the BANKER'S MAGAZINE:*

After vainly endeavoring for some time to find out exactly the English practice and law in relation to crossed checks, I have been, through the kindness of Mr. Waller, our Consul-general at London, placed in full possession of the facts in the case. I quote from the clear and distinct letter on this subject which he has sent to me, for two reasons: 1st, because some of your readers may be interested in knowing something about crossed checks, if they are possibly in my former state of ignorance; and, 2d, because next to the Magna Charta, the Englishman holds this system of crossing checks to be one of the proudest and best institutions of his country, while a somewhat careful study of the system fails to show me that it possesses any advantages over our own. I note in passing, one practice of English bankers which would strike dismay into the hearts of a good many depositors in this country. "If he (the depositor) draws many checks and does not keep a standing balance of say £100, then he is charged by the bank for the privilege of keeping his account so much per quarter, varying from £1 1s. upwards, according to the trouble given and time occupied by the Bank staff in making a record of the account in the books of the Bank. Thus the practice of having a number of small accounts is not objected to by many of the Joint Stock banks, as it is to them a considerable source of profit, with a minimum risk, as such accounts are not permitted to be overdrawn." This seems an excellent plan for the banks to be sure, but a trifle severe on small depositors. I now copy entire the part of the letter relating to checks:

"The advantages of paying small sums by checks are also becoming better understood, as when properly drawn a check is legal evidence of payment, rendering a receipt really unnecessary; the system prevailing amongst banks of this country, as regards checks, crossed or uncrossed, is as follows, to wit:

- (a) "Open or uncrossed checks payable to bearer.
- (b) "Open or uncrossed checks payable to order.
- (c) "Crossed checks payable to bearer, thus,                      and Co.
- (d) "Crossed checks payable to order, thus,                      and Co.
- (e) "Crossed checks payable to bearer, thus, London and Southwestern Bank.

(f) "Crossed checks payable to order, thus, London and Southwestern Bank.

(a) "Open cheques payable to bearer are paid over the counter by the Cashier (*i. e.*, teller) to the party presenting the same, without remark or hesitation, no question of identity being raised.

(b) "Open checks payable to order are paid over the counter by the Cashier (*i. e.*, teller) in the same manner as those to bearer, provided the check is indorsed with the name of the party or firm in whose favor it is drawn. For example, pay 'J. H. Jones,' or 'Smith & Co.' 'J. H. Jones' or 'Smith & Co.' must appear on the back, the question as the signature 'J. H. Jones,' or 'Smith & Co.' being genuine or not is *no* business of



the teller, so long as the indorsement conforms to the name in body or face of check.

(c) "Crossed checks to the bearer merely marked '& Co.' are never paid over the counter, but must be paid into the credit of some one having a banking account, the officials of such bank present such check, and when paid by the bank on which it is drawn, the amount is credited to the account of the party who handed the same in for collection.

(d) "Crossed checks payable to *order* are treated in precisely the same manner, with the addition that they must be correctly indorsed, as stated in par. (b).

(e) "Crossed checks payable to bearer with the *name* of the banker in whose favor it is drawn (termed by bankers as specially crossed) keep his account written across the face of it, for example, London and Southwestern Bank must be presented by that bank for payment.

(f) "Order checks similarly drawn must also be presented in same manner, with the addition of the correct indorsement.

"It is the custom of most traders to have the name of their bankers on their invoices or bill heads, so their customers, in drawing checks, may in crossing such checks add the banker's name, and thereby render it impossible for the check to be presented in payment except by the banker named, and many people, in transmitting checks by post, make them payable to 'order,' and cross them 'London and Southwestern Bank—account of Ball & Jonathan,' thus ensuring three things: 1. Indorsement, Ball & Jonathan; 2. payment to the London and Southwestern Bank, and 3, crediting to Ball & Jonathan's account with said bank. A crossed check thus drawn is absolutely valueless, except for the purpose intended."

It will be observed that the open check to bearer (a) is treated exactly as we treat it. The difference in the English practice is, however, notable in the treatment of the check to order (b). It will be seen that it is no part of the duty of the bank paying the check to ascertain whether the indorsement is genuine or forged; and from this difference seems to have sprung the rather complicate system of crossing checks. Under the English system some such practice was a necessity, if checks were to be used at all as they are in this country, but I fail to see why our method of making the banks upon which the check is drawn responsible for the proper and genuine indorsement, is not much simpler and vastly better than the English way.

In the instance which my correspondent gives of sending a check to 'Ball and Jonathan,' and crossing it "London and Southwestern Bank, account of Ball & Jonathan," he observes that "this insures three things: 1, Indorsement, Ball & Jonathan," but this first is of absolutely no importance if *anybody* may write "Ball & Jonathan" on the back of that check, and if the genuine endorsement of Ball & Jonathan is secured, the other two things are equally of no importance, as nobody can care to know through what bank Ball & Jonathan collected the check if it is only known that *they* collected it. Practically, what Ball & Jonathan would do in this country would be to deposit it in their own bank, just as they would in England, but it would be of no sort of moment where they did deposit it.

My correspondent say the "advantages of paying small sums by checks are also becoming better understood, as, when properly drawn, etc." This seems to show the distinct advantage of the American practice, as under our

system the advantage of paying small sums by checks had been understood and practiced very generally for many years. Yet, I have had Englishmen and Anglicized-Americans grow eloquent to me on the wonderful advantages of the English system. To be sure, they could never tell quite what the system was. This is the system of crossed checks. Can somebody convince me that we ought to adopt it, or convince the English that the advantage of drawing small checks is much more distinct under our methods.

WALTER LEARNED.

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## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

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### I. A BANK'S RIGHT OF SET-OFF.

A has an over-due note in the bank for \$70, the indorser of which is good. A sends a check payable to his order, for \$30, to the bank by boy to get the money, having first indorsed it in blank; boy, of course, has no ownership in the check.

1st. Could the bank retain the check and apply proceeds toward payment of A's over-due note?

2d. Should A afterwards *personally* go to the bank and demand *cash* or the *check*, would the bank be liable to an action in case they still refused give up the check or its equivalent in cash?

REPLY.—“The rule,” says Morse, in his work on Banking, p. 42, “may be broadly stated that a bank has a general lien on all the moneys and funds of a depositor in its possession for the balance of the general account.” This, however, appears to us to be one of those cases which is not within the rule above stated; and we think that, technically, the bank had no right to hold the proceeds of the check and apply it to the payment of A's note. A, therefore, might demand the return of the check or the money, and, upon refusal, could no doubt maintain an action against the bank for the conversion of the check, or he might, perhaps, waive the wrong done him by withholding the check, and sue for the money. We do not, however, perceive that he would derive any material advantage from either course, because the bank could reply to either action by bringing a cross action against him on the note, and the court would no doubt order a set-off of the judgments in the two actions, which would leave A in much the same position that he is at present.

### II. PAYMENT OF CHECK BY CREDIT GIVEN.

Has a bank the right to charge back to depositor's account a check on itself taken by the receiving teller and entered in the depositor's pass book, but which is afterwards found to overdraw maker's account? If it has, within what time should it be done? Are there any authorities on the subject?

REPLY.—Upon this question the authorities are in conflict. The leading case is *Oddie v. Nat. City Bank of N. Y.*, 45 N. Y., 735, which we have frequently referred to in this department of the Magazine. The facts of that case, shortly stated, were these. The plaintiffs were depositors in the defendant bank, doing a large business, and were in the habit of making a deposit at the opening of the bank every morning, leaving their pass-book and a deposit-ticket. Deposits made afterwards on the same day were received and

listed by the receiving teller on this ticket. After bank hours the whole amount of the deposits was made up and entered in one item in the pass-book, which was then returned to the plaintiffs. On May 15, 1869, at 1.55 P. M., the plaintiff deposited a check of D drawn upon the same bank, which was received by the receiving teller without remark, and entered as a credit upon the plaintiff's deposit ticket, but no entry was made in the pass-book or in any book of the bank. At this time D's account was overdrawn between \$60,000 and \$70,000, which fact was known to the receiving teller. At 2.15 P. M., the paying teller, knowing that the check was in the hands of the receiving teller, certified another check of D. D continued to make deposits throughout the day, his last deposit being made at 2.15 P. M., but at the close of bank hours his account was overdrawn. At 2.55 P. M., the receiving teller returned D's check to the plaintiffs; and the question in the case was whether the check had been paid beyond recall, and whether the plaintiffs were entitled to be credited with the amount of it in their account with the bank. The court held that the check had been paid, that the bank had no right to return it, and that the plaintiffs must be credited with it in their account. Church, C. J., says, in his opinion: "The plaintiffs clearly put in the check as a deposit, and the defendants as clearly received it as such, and credited the plaintiffs with it. The credit on the deposit ticket was as significant an act, evincing the consent of the bank, as if made upon the pass-book of the plaintiffs, and entered upon the books of the bank. Financial business is transacted at banks in large amounts with great rapidity, but according to definite and certain rules, which are well understood and acted upon by those engaged in that business. Very little is said, but very much is understood, and there is an absence of all formalities which tend to embarrass the facility of doing the business. In determining the legal effect of such transactions, we must apply the same rules applicable to all contracts and business affairs, and effectuate and carry out the intention of the parties, to be gathered from their acts and declarations, and the accustomed and understood course of the particular business. Applying these rules, there can be no doubt but there was an express demand on one side, and consent on the other, that this check should be placed to the credit of the plaintiffs as a deposit. The legal effect of the transaction was precisely the same as though the money had been first paid to the plaintiffs and then deposited. When a check is presented to a bank for deposit, drawn directly upon itself, it is the same as though payment in any other form was demanded. It is the right of the bank to reject it, or to refuse to pay it, or to receive it conditionally, as in *Pratt v. Foote*, 9 N. Y., 463, but if it accepts such a check and pays it, either by delivering the currency or giving the party credit for it, the transaction is closed between the bank and such party, provided the paper is genuine. . . . The bank has always the means of knowing the state of the account of the drawer, and if it elects to pay the paper, it voluntarily takes upon itself the risk of securing it out of the drawer's account or otherwise."

On the other hand, the Supreme Court of California, in the case of *Nat. Gold Bank v. McDonald*, 51 Cal., 64, after a full discussion of the subject, took a different view; and held that, where a customer of a bank handed the receiving teller a check drawn by another person on the same bank, and at the same time handed

him his pass-book, and the teller received the check and entered a credit for the amount in the pass-book, but no entry for the amount was made on the books of the bank, and nothing else was said or done, the presumption was that the check was received *for collection*, and not as cash, and upon its being found that the drawer had no funds in the bank, the check might be returned to the depositor and the credit in the pass-book canceled. The court declined to follow *Oddie v. The Nat. City Bank*, and suggest that it may be distinguished in its facts from the case before them, because in the former case, after the check was deposited, and at a later hour of the same day the drawer deposited a sum much more than sufficient to pay the check, and which was applied to make good the previous over-draft, or paid out on other checks. However this may be, it seems to us that the two decisions are irreconcilable; and that the answer to the inquiry of our correspondent must depend upon which one of the cases cited, the courts of Minnesota—where the question arises—adopt as giving a correct exposition of the law. We believe the question in that State is still an open one. In our opinion, the decision of the New York Court of Appeals, which is a tribunal accustomed to deal with commercial questions, has the greater weight as authority; and its conclusion is sustained by the better reasons, both legal and practical. It should be added that the rule stated in 45 N. Y. has received a qualification from a decision of the Supreme Court of Pennsylvania, in *Peterson v. The Union* it is in the 52 Penna St., 206. In that case the holder of the check deposited *Nat. Bank*, bank on which it is drawn, *knowing* that the drawer had no funds to meet it. The check was passed to the holder's credit, and charged to the drawer; but the court held that the conduct of the holder in so depositing a check known to him to be worthless, was a fraud upon the bank, and that under such circumstances the bank had the right to return the check and cancel the credit given.

Of course if the right to return the check exists, it can be exercised at any time, until the position of the other party has been changed to his prejudice. This would generally require the return to be made on the same day.

### III. RECEIPT FOR DEPOSITOR'S PASS-BOOK.

NEW YORK, \_\_\_\_\_, 188 .

Received of \_\_\_\_\_ NATIONAL BANK of New York.  
 \_\_\_\_\_ Bank Book, with \_\_\_\_\_ vouchers, showing balance, as per books of  
 said bank, under date of \_\_\_\_\_.  
 \$ \_\_\_\_\_  
 Delivered by \_\_\_\_\_

Since the publication of our reply upon this subject in the April number, page 785, we have received from an anonymous source the above form of a receipt, evidently in use by one of the banks in this city; and the habit of taking such receipts may be much more general than we had supposed, or are aware of.

It is the general custom to return with the pass-book, when balanced, the check or other voucher for each item charged in the book against the depositor. In view of this custom, the possession of the pass-book balanced, would indicate that the vouchers for the charges in the book had been delivered by the bank to the depositor. This was what we intended to refer to in the reply in question.

## IV. RECOVERY OF MONEY PAID ON FORGED OR ALTERED CHECK.

1. A check drawn on us, payable to John Smith or bearer, is presented at a bank in a neighboring city by a stranger, who purports to be John Smith, and indorses the check. The Teller does not know the man, and asks instructions from the Cashier. The Cashier, thinking he asked if the drawers of the check were good, and knowing them by reputation, told him to pay it. Without any identification the Teller paid it against his judgment. It is again indorsed by the bank for collection and credit and sent to its Boston correspondent, who is also ours. They credit them, and charge it to us. We receive it in due course and credit our correspondent. As the account of the drawer of the check was not an active one, his book was not balanced until about sixty days after the check was charged in. Upon receiving his checks he said he had no dealings with John Smith that he could remember, and went and saw Smith, who at once said his signature was forged; our depositor upon examining the check more closely said his signature was forged. He immediately went to the neighboring city where the check was cashed, and the facts as above stated were admitted by them. We then returned the check to our Boston correspondent, who returned it to the first party, and they refused to receive it "on account of lapse of time and other reasons." I wrote them and called their attention to Comptroller of the Currency's Report, page 80, sec. 5; also sec. 7. *National Bank of Quincy v. Reicher*, taking the ground that they paid the money to a stranger and did not use due care, and receiving the check as we did through them, it threw us off our guard. We never cash a check for a stranger.

Noticing in your last number a question which I think is meant to cover this case, I write to give you all the facts, and should like to know if, under these circumstances, your answer does not need to be qualified.

2. Noticing in the April number of the *BANKER'S MAGAZINE* an answer to an inquiry concerning recovering the amount paid on a forged check, I would further inquire if payment can be recovered in a case where an indorsement has been forged, or where a check has been altered.

REPLY.—The inquiry referred to in our April number arose in the State of New York, and called only for a general statement of the rule upon this subject, which prevails here. Our reply was made without much reference to the laws of other States, and has occasioned the above inquiries, which come to us from Massachusetts. A discussion of the question will be found in Morse on Banking, page 328; in Daniel on Negotiable Instruments, section 1654; and in the other text-books. The general rule is that a bank is bound to know its customer's signature, and that if it pays out money on a forged check, it cannot recover back the amount from the party to whom it was paid. This is the law of the United States Courts, *Levy v. Bank of the United States*, 4 Dall. 234; *Bank of the United States v. Bank of Georgia*, 10 Wheat. 333; of New York, *Goddard v. Merchants' Bank*, 4 N. Y. 147; *National Park Bank v. Ninth National Bank*, 46 N. Y. 77; and has been adopted by the courts of many of the other States. In the case in 46 N. Y. above cited, Allen J., in delivering the opinion of the Court, says: "A rule so well established and so firmly rooted and grounded in the jurisprudence of the country ought not to be overruled or disregarded. It has become a rule of right and of action among business men, and any interference with it would be mischievous."

In some States, however, the rule has been materially qualified. *National Bank of North America v. Bangs*, 106 Mass. 441, *Bank of St. Albans v. Farmers & Mechanics' Bank*, 10 Vt. 141, *Ellis v. Ohio Life & Trust Co.*, 4 Ohio St. 628, and particularly in Massachusetts. In the case cited from

that State, Bangs & Co. sold gold over their counter to a person, not known to them, who gave them in payment a check payable to their order, purporting to be signed by one B, and drawn on the plaintiff bank. The check was indorsed by Bangs & Co., deposited in their own bank, and collected through the Clearing-house in the ordinary way. On the first of the next month B having received his checks from the bank in the monthly settlement of his account, returned this check to the plaintiff bank, and notified them that it was a forgery. The bank immediately notified Bangs & Co., and was allowed to recover from them the amount paid. The decision was put substantially on the ground that the check, being payable to order, could not be given currency without the indorsement of the defendants; that by this indorsement the defendants had done an act tending to give the instrument the character of genuineness, and to deter the plaintiff bank from making so careful an examination of the instrument on presentation as it might otherwise have done; and that the peculiar circumstances under which the defendants took the check ought to have put them on their inquiry as to its genuineness. The Court says: "In the absence of actual fault or negligence on the part of the drawee, his constructive fault, in not knowing the signature of the drawer and detecting the forgery, will not preclude his recovery from one who has received the money with knowledge of the forgery, or who took the check under circumstances of suspicion, without proper precautions, or whose conduct has been such as to mislead the drawee, or to induce him to pay the check without the usual scrutiny or other precautions against mistake or fraud. These exceptions are implied to the very terms in which the general rule is ordinarily stated. We are aware of no case in which the principle that the drawee is bound to know the signature of the drawer of a bill or check, which he undertakes to pay, has been decisive in favor of a payee of a forged bill or check to which he has himself given credit by his indorsement." The case put in the first inquiry differs somewhat in its facts from the case above quoted. viz., in that the bank, which cashed the check for the supposed John Smith, was not the payee of the check, and the check being payable to bearer did not require any indorsement; but we do not see that it differs essentially in principle; and it would seem that, according to the law of Massachusetts, the drawee bank is entitled to recover the money paid. We do not think that the delay in discovering the forgery is any ground of defence, because the bank which cashed the check does not appear to have suffered any injury from the delay. Daniel on Negotiable Instruments, § 1372.

In conclusion it may be well to say that, while the general rule upon the subject is as we have stated it, still the authorities are in such a condition that each particular case can only be properly considered with reference to the peculiarities of the local law of the State where it arises.

As to the questions put in the second inquiry, it is settled everywhere that the obligation upon the drawee extends no further than to a knowledge of its customer's signature. It is not bound to know the signatures of indorsers, or to take notice at its peril of fraudulent alterations made after a check is issued by the drawer; and in all such cases it may, as a general rule, recover the amount improperly paid from the party receiving the payment. Morse, pages 344, 350. Daniel, section 1661. *Bank of Commerce v. Union Bank*, 3 Com. (N. Y.) 230.

## BANKING AND FINANCIAL ITEMS.

**THE NEW YORK BANK PRESIDENTS OPPOSE THE BILL MAKING SATURDAY AFTERNOON A LEGAL HOLIDAY.**—Bank Presidents J. D. Vermilye, F. D. Tappan, E. H. Perkins, Jr., E. D. Randolph and W. A. Nash, composing the Clearing House Committee, have submitted a report on the Husted bill making Saturday afternoon a legal holiday. The bill was taken up section by section, and several amendments offered thereto. The bill proposes to amend the section of the present law which designates the holidays to be observed in the acceptance and payment of bills of exchange, bank checks and promissory notes, and which also relates to the closing of public offices. The section is now intended by the bill to cover the following as State holidays :

The 1st day of January, the 22d day of February, the 30th day of May, the 4th day of July, the 25th day of December ; any general election day in this State ; every Saturday from 1 o'clock in the afternoon until 12 o'clock at midnight, and any day appointed or recommended by the Governor of this State, or the President of the United States, as a day of thanksgiving or fasting and prayer, or other religious observance ; and these for all purposes whatsoever, as regards the presenting for payment or acceptance, and of the protesting and giving notice of the dishonor of bills of exchange, bank checks and promissory notes, made after the passage of the act, are to be treated and considered as the first day of the week, which means Sunday, and as public holidays or half holidays ; and all such bills, checks and notes otherwise presentable for acceptance or payment on these days are to be deemed to be payable, and be presentable for acceptance or payment on the secular or business day next preceding such holiday or Saturday : provided, however, that when any person shall receive for collection on any Saturday, any check or bill of exchange payable at sight, such person shall not be deemed guilty of any neglect or omission of duty in not presenting for payment or collecting such check or bill of exchange on that day.

This section was debated for a considerable time, and some slight alterations suggested in regard to the incurring of liability. The bankers had no personal objection to the bill, but as it was likely to cause considerable annoyance, loss and litigation in case it passed in its present shape, the whole matter was again referred to the Committee, who will at an early date visit Albany and lay their views before members of the Legislature.

**DANGEROUS COUNTERFEITS.**—The genuine five-dollar national bank note of the series of 1882 has a bust of Garfield in an oval frame on the left end of the face of the note ; also a brown back with the charter number of the bank in large shaded figures set in green in the centre of the back. A counterfeit on this denomination and series has appeared, purporting to be an issue of the Central National Bank, of Norwalk, Conn., and giving the charter number as 404. It should be sufficient to state that this bank has never issued a note of the series of 1882, and the charter number is not 404 ; it is 2342. The paper is good ; the general appearance of the note when soiled is deceiving. There are so many differences between it and the notes of that series that only a few can be stated. The pink seal on the counterfeit reads : " E Pluribus Unum Sigil." The genuine seal reads : " The saur Amer Septant Sigil." In the upper and lower corners of the left end face of the note the word five has been omitted in the counterfeit. The figures of the charter number in the centre of the back are much smaller than in the genuine, and are not shaded. There are many other omissions, but these may well be reserved until a corrected edition of this note shall appear. It is a dangerous note when tendered to a busy or careless merchant. Genuine five-dollar notes on the Central National Bank of Norwalk, Conn., have a green border on the back and on the front, red seal, red numbers, series of 1875, John Allison, Register.

— It is expected that the new building of the Equitable Life Assurance Society of New York will be completed May 1, 1887. The improvements are among the largest that have ever been undertaken on Broadway, and will cost from \$1,500,000 to \$2,000,000, in addition to the original cost of the building and ground.

— CORNELIUS V. DEARBORN, National Bank Examiner for New Hampshire, died on the 3d of April at Nashua. He was born in Corinth, Vt., in 1832, was admitted to the bar in 1855, and since 1865 had resided in Nashua. He held many positions of trust in the city and State, and as Bank Examiner supervised the conversion of State banks into national institutions.

ANOTHER CALL FOR BONDS.—The Acting Secretary of the Treasury has issued the one hundred and thirty-sixth call for the redemption of bonds of the 3 per cent. loan of 1882. The call is for \$10,000,000, and notice is given that the principal and accrued interest will be paid at the Treasury of the United States in the city of Washington on the 1st day of June, 1886, and that the interest will cease on that day. Following are descriptions of the bonds:

Three per cent. bonds issued under the act of Congress approved July 12, 1882, and numbered as follows: \$50, original number 271 to original number 274, both inclusive; \$100, original number 2,007 to original number 2,048, both inclusive, and original number 9,917 to original number 9,921, both inclusive; \$500, original number 908 to original number 921, both inclusive, and original number 4,219 to original number 4,223, both inclusive; \$1,000, original number 7,336 to original number 7,659, both inclusive, and original number 23,712 to original number 23,719, both inclusive; \$10,000, original number 13,625 to original number 14,596, both inclusive. Total, \$10,000,000.

The bonds described above are either bonds of the "original" issue, which have but one serial number at each end or "substitute" bonds, which may be distinguished by the double set of numbers, which are marked plainly "original numbers" and "substitute numbers." All of the bonds of this loan will be called by the original numbers only. Many of the bonds originally included in the above numbers have been transferred or exchanged into other denominations on "waiver"—the original numbers being canceled and leaving outstanding the apparent amount above stated.

THE REPORT OF THE DIRECTOR OF THE MINT.—Professor Kimball, the Director of the Mint, is at work upon his report on the production of the precious metals. In the collection of data and preparation of estimates, Professor Kimball has departed from the methods of his predecessor, and has found new means of authenticating estimate and statements. The new report will be in many respects interesting and important, and while some features will provoke discussion, others will serve to settle points which have long been disputed. The official estimates of the gold in circulation, which have long been questioned and regarded as excessive, are being thoroughly reviewed, and the result will be a very material reduction. It is roughly calculated that Mr. Burchard's estimate will be reduced by one hundred millions. The reductions are mainly due to the discovery of statements and figures in possession of the Treasury Department which were inaccessible to Mr. Burchard or of which he was not cognizant. These figures are described as being conclusive so far as they go, and calculated to vindicate the accuracy of the new estimate, or at least to show it to be far nearer the true figures than was the Burchard estimate. Few subjects in connection with the national finance have caused more discussion or wider difference of views among financial students than this of the gold circulation, and Mr. Kimball's intelligent and energetic efforts will be fully appreciated, while their effect will be in many ways useful. Since Professor Kimball took possession of the Mint Bureau, new life and skill have been infused into all its workings. His tables, issued from time to time, have represented much valuable research and original and painstaking investigation. The tables now in course of preparation will be hastened to completion for the use of Congress in whatever future attempts are made at financial legislation. Since the investigation of the subject has been commenced, the Treasury Department has received from many sources expressions of opinion, arguments and demonstrations as to the excessive character of the official estimates of the gold in circulation.



**BOSTON ASSOCIATION OF BANKERS.**—Nearly 200 gentlemen connected with banking institutions in Boston and other cities dined at the United States Hotel on the evening of the 16th of April. The occasion was the first annual gathering of the Bank Officers' Association of Boston, of which Mr. A. F. Luke, the Cashier of the Bank of North America, is the President. It has sprung into a membership of nearly 300 inside of a year. Among those present were Mr. Asa P. Potter, President of the Maverick National Bank; Mr. Charles O. Billings, President of the Globe Bank; Mr. James H. Bouvé, President of the Boston National Bank; Mr. John Carr, President of the First National Bank; Mr. George Ripley, President of the Hide and Leather Bank; Mr. A. W. Newman, President of the Commonwealth Bank; Mr. John Cummings, President of the Shawmut Bank; Mr. Moses W. Richardson, President of the Central Bank; Mr. B. E. Cole, President of the Shoe and Leather Bank; Mr. J. W. Magruder, the National Bank Examiner; Mr. Alfred Ewer, the Assistant National Bank Examiner; Mr. Nathaniel J. Rust, President of the Lincoln National Bank; Mr. T. B. Beal, Vice-President of the Second National Bank, and Mr. N. G. Snelling, Manager of the Clearing House.

President Luke addressed the assemblage, remarking among other things one of the principal objects of the association was that each member might increase his acquaintance with his fellow-workers in the same calling, and thereby add to his knowledge of and interest in his profession. Through enlarged acquaintance should come wider knowledge, which in its turn often leads to opportunity, and always gives power and strength upon the advent of that opportunity. While it is probably a fact that many small interior banks have been well and profitably managed by narrow minds, it is also true, I think, that in the cities and financial centres the largest measure of success has been attained by the men who are striving for more and better knowledge. I believe the time is coming when it will be more and more the practice to select bank managers from the ranks of the bank clerks than it was in the past. It used to be thought an absolute necessity of a bank president that he should have been largely engaged in mercantile pursuits himself, and doubtless such a training was and is a good one.

Ex-Comptroller Knox was then introduced. The subject of his remarks was "Legal Tender in the United States," but the address was really not only an historical sketch of legal tender issues, coin and currency, but all of the paper issues of the Government since its organization. He referred to the discussions in the federal convention and to the various issues of Treasury notes, which, without exception, were made payable at a specified time in the future, and bearing interest. He stated that Mr. John C. Spencer, the Secretary of the Treasury during the Tyler administration, evaded the law, and issued notes which, in effect, were payable on demand, without interest. The Committee of Ways and Means investigated these acts and made an elaborate report, in which it was claimed by the Committee that the constitution authorized the Government to borrow money, but not to issue bills of credit; that borrowing money implied the payment of interest, and that interest-bearing notes, payable at a future day, were a temporary loan, not designed to circulate as money, and could properly be issued, while notes bearing no interest, and payable on demand, were bills of credit, and could be issued only in violation of the constitution. He then gave a rapid review of the notes issued by the Buchanan administration and the Lincoln administration which followed, and gave a graphic sketch of the financial situation at the time of the breaking out of the war, and the rapid accumulation of the public debt. He gave a sketch of the discussions in Congress on the legal tender question, and expressed his regret at the late decision of the highest tribunal of the country, and hoped that not many years hence the question would be brought before the court, and the third decision reversed and made to conform to the first.

Mr. Knox was followed by Mayor O'Brien, who is President of the Union Institution for Savings. He declared that there was no doubt that the banking institutions of Boston were conducted in as creditable a manner as in any city of the world.

Secretary Stone gave the members an idea of the financial standing of the association, after which Vice-President T. Harlan Breed and others made short addresses.

— AT the extremely low rate of 2.73 per cent., Ohio has just refunded \$2,250,000 of her State debt for ten years.

— THE estimated value of the products of the mines in Canada last year was \$3,639,537, as compared with \$3,247,092 in 1884.

— THUS far the forgeries of the absconding accountant of the Bank Nationale of Montreal aggregate £14,000.

— NEARLY \$2,000,000,000 would be due were all insured Americans to die at once. Nearly \$1,000,000,000 have already been paid in death losses in America.

— THE Bank of Nova Scotia will do the business heretofore done by the Pictou Bank at Amherst, N. S. It is said that this is the beginning of a general policy of amalgamation.

— A "CENT-A-MILE" Fare bill has passed the New Jersey House, providing for fares on all railways within twenty miles of New York at that rate between the hours of 5 and 7, morning and evening.

**RESOLUTIONS OF RESPECT.**—At a meeting of the officers and directors of the Vilas National Bank, Plattsburg, N. Y., held at their banking House, March 25, 1886, Mr. Bixby, acting as Chairman, and Cashier H. A. Newton as Secretary, the following preamble and resolutions were adopted:

*Whereas*, It has pleased the Supreme Ruler of the Universe to remove from us by death Samuel F. Vilas, the esteemed founder and President of this bank; therefore

*Resolved*, That we recall with feelings of profound regard and tenderness, the form and features and extraordinary business characteristics and habits of Mr. Vilas; his ever watchful and untiring efforts for the prosperity of this bank; his wise, judicious and successful administration of its affairs over twenty years; and especially his just, kind and genial manner toward ourselves as his associates.

*Resolved*, That his comprehensive and sagacious judgment in all financial matters, influenced by fine social and moral sensibilities, rendered him one of the most remarkable and trusted men in Northern New York.

*Resolved*, That we, in common with this entire community, have sustained an irreparable loss in his decease.

*Resolved*, That we tender to his family our heartfelt sympathy.

*Resolved*, That these resolutions be engrossed in the minutes of this bank, and that a copy be furnished the family of the deceased, and the local press.

H. A. NEWTON, Secretary.

M. BIXBY, Chairman.

**DISEASE IN BANK NOTES.**—All objects exposed to the air and passed from hand to hand are apt to have minute organisms settling upon them, and we should expect such things as bank notes, which pass through many hands, to be favored by more than their usual share of "germs," knowing that simple abrasion is no satisfactory means for removing such minute bodies. Nevertheless, it is interesting to see what really have been found on European bank notes. M. Reinsch, some time ago, undertook to examine the money in circulation, with the result that two very small algæ, which were named as species of *Chroococcus* and *Pleurococcus*, respectively, proved to be not uncommon on coins. M. Jules Schaarschmidt has since undertaken to examine the paper currency of various States, with the result that such living organisms and other objects were discovered. According to the statements to hand, the notes examined were particularly those of Austro-Hungary and Russia, and new as well as old ones furnished "an abundant cryptogamic vegetation," as well as "microbes" and objects such as grains of starch, particles of hair, etc. There is obviously a very serious side to all this, if further researches prove that, as appears possible, our most minute and dreaded enemies are always in our midst on such apparently welcome visitants as coin and bank notes; money will have earned a worse name even than it has heretofore! *En revanche*, there are two points which no doubt will be insisted on: In the first place, the observers have not, so far, described any organism on the money investigated, which is known to be inimical to us; and, secondly, precautions have been taken from time immemorial against the transmission of currency passing from a plague-stricken community to a healthy one. Possibly the facts derived from these observations will be made use of to bring more forcibly before the minds of our less careful brethren the dangers of handling "filthy lucre" in times of disease.—*Nature*.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from April No., page 791.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
COL....	Aspen.....	First National Bank..... \$ 50,000 Walter S. Cheesman, <i>Pr.</i>	Theo. G. Lyster, <i>Cas.</i>
DAK....	Clark.....	First National Bank..... \$ 50,000 Fred. Ware, <i>Pr.</i>	Hanover National Bank. Carl Jackson, <i>Cas.</i>
"	Toronto.....	Sevaston & Jenson.....	Gilman, Son & Co.
"	Woonsocket....	American Bank & Tr. Co. \$100,000 E. S. Rowley, <i>Pr.</i>	Gilman, Son & Co. W. M. Sheldon, <i>Sec.</i>
FLA. ...	Leesburg.....	Bank of Leesburg..(Yager Bros.)	Hanover National Bank.
"	"	Morrison,Stapylton & Co's B'k.	Manhattan Co. Bank.
ILL. ...	Elmwood.....	Farm. & Merchants' Bank. Edwin R. Brown, <i>Pr.</i>	American Exchange Nat'l Bank.
"	Macomb.....	Bank of Macomb..(O. C. Ward & Co.)	Imp. & Trad. N.B.
"	Verona.....	Verona Bank..... \$ 10,000 A. J. Linebarger, <i>Pr.</i>	L. H. Linebarger, <i>Cas.</i>
IND ....	Hammond.....	First National Bank..... \$ 50,000 M. M. Towle, <i>Pr.</i>	United States National Bank. Frank H. Tuthill, <i>Cas.</i>
"	N. Manchester..	Lawrence National Bank. \$ 55,000 Geo. W. Lawrence, <i>Pr.</i>	First National Bank. James H. Mills, <i>Cas.</i>
IOWA..	Cascade.....	Cascade Bank.....	Mercantile National Bank.
"	Jesup.....	Farmers' Bank..... \$ 50,000 Thos. Taylor, <i>Pr.</i>	First National Bank. Geo. S. Murphey, <i>Cas.</i>
"	Pattersonville..	Bank of Hull..... \$ 25,000 C. L. Davidson, <i>Pr.</i>	Walston H. Brown & Bros. E. W. Hazard, <i>Cas.</i>
KANSAS.	Colwich.....	Bank of Colwich..... \$ 10,000 Chas. T. Hyde <i>Pr.</i>	First National Bank. Louis O. Smith, <i>Cas.</i>
"	Coolidge.....	Coolidge State Bank..... \$ 50,000 A. C. McKeever, <i>Pr.</i>	National Park Bank. Joe H. Borders, <i>Cas.</i>
"	Dorrance.....	Bank of Dorrance..... \$ 50,000 W. Z. Smith, <i>Pr.</i>	Chemical National Bank. L. B. Hall, <i>Cas.</i>
"	Fargo Springs..	Bank of Fargo..... \$ 50,000 W. R. Adair, <i>Pr.</i>	Chemical National Bank. Geo. S. Stein, <i>Cas.</i>
"	Jetmore.....	Hodgeman Co. Bank.... \$ 50,000 Chas. F. M. Niles, <i>Pr.</i>	Tradesmen's National Bank. John P. Atkin, <i>Cas.</i>
"	Lakin.....	Bank of Lakin..... \$ 50,000 I. R. Holmes, <i>Pr.</i>	Bank of North America. Reuben M. Spivey, <i>Cas.</i>
"	Peabody.....	Stockmen's Ex. B. (Camp & Ellett)	American Exch. N. B.
"	Pittsburg.....	Nat'l Bank of Pittsburg.. \$ 50,000 S. H. Lanyon, <i>Pr.</i>	Importers & Traders' Nat'l Bank. Frank W. Lanyon, <i>Cas.</i>
"	Saratoga.....	Wilson, Weaver & Co....	
"	Solomon City..	Farmers' State Bank.... \$ 50,000 J. M. Wescott, <i>Pr.</i>	Bank of North America. John L. Guy, <i>Cas.</i>
"	Wakefield.....	Bank of Wakefield..... Daniel H. Myers, <i>Pr.</i>	National Bank of Republic. Wm. H. Myers, <i>Cas.</i>
MD. ....	Frederick.....	Citizens' National Bank . \$ 100,000 Joseph D. Baker, <i>Pr.</i>	
MICH...	Detroit.....	Union National Bank.... \$ 200,000 John P. Fiske, <i>Pr.</i>	National Bank of Republic. John B. Padberg, <i>Cas.</i>
"	Grand Rapids..	Fifth National Bank..... \$ 100,000 Wm. Dunham, <i>Pr.</i>	Importers & Traders' Nat'l Bank. W. H. Fowler, <i>Cas.</i>
MO. ....	Bolivar.....	Mo. Loan & Trust Co.... Fred. Rexinger, <i>Pr.</i>	J. R. T. Brown & Co. J. N. Sperry, <i>Sec. &amp; Tr.</i>
"	Kansas City..	Nat'l B'k of Kansas City. \$ 1,000,000 J. S. Chick, <i>Pr.</i>	First National Bank. W. J. Anderson, <i>Cas.</i>
MONT..	Great Falls....	Bank of Great Falls..... A. E. Dickerman, <i>Pr.</i>	
NEB....	Curtis.....	Bank of Curtis..... G. W. Cruzen, <i>Pr.</i>	Chemical National Bank. A. R. Cruzen, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
NEB....	Indianola.....	First National Bank.....	.....
	\$ 50,000	James W. Dolan, <i>Pr.</i>	John J. Lamburn, <i>Cas.</i>
" ..	Ord.....	Ord National Bank.....	National Bank of Republic.
	\$ 50,000	Frederick L. Harris, <i>Pr.</i>	Edward K. Harris, <i>Cas.</i>
N. J....	Bergen Point ..	Mechanics' Trust Co. ....	American Exchange Nat'l Bank.
	\$ 29,200	John Newman, <i>Pr.</i>	Jason A. Lodwich, <i>Tr.</i>
N. Y....	Tonawanda....	Lumber Exchange Bank..	American Loan & Trust Co.
	\$ 100,000	Edward Evans, <i>Pr.</i>	James H. Rand, <i>Cas.</i>
" ..	Wellsville. ....	Henry N. Lewis.....	Central National Bank.
N. C....	High Point....	Nat. B'k. of High Point..	.....
	\$ 50,000	Wyatt Armfield, <i>Pr.</i>	.....
" ..	Mount Airy. ..	Planters' Bank.....	Commercial National Bank.
	\$ 25,000	James M. Matthews, <i>Pr.</i>	Geo. D. Hensley, <i>Cas.</i>
OHIO...	Findlay.....	Farmers' National Bank..	.....
	\$ 80,000	Peter Hosler, <i>Pr.</i>	J. G. Hull, <i>Cas.</i>
OR. ....	Astoria.....	First National Bank.....	.....
	\$ 50,000	Geo. Flavel <i>Pr.</i>	Sam'l S. Gordon, <i>Cas.</i>
PA.....	Philadelphia..	Northwestern Nat'l Bank.	.....
	\$ 200,000	James B. Doyle, <i>Pr.</i>	Joseph Channon, <i>Cas.</i>
" ..	Philadelphia..	Investment Co. of Phila..	.....
	\$ 2,000,000	Wm. Brockie, <i>Pr.</i>	Henry M. Hoyt, Jr., <i>Tr.</i>
TENN ..	Charleston....	Bank of Charleston.....	R. T. Wilson & Co.
	\$ 65,000	Thos. L. Cate, <i>Pr.</i>	Thos. J. Knox, <i>Cas.</i>
TEX....	Hallettsville....	John Woods.....	S. M. Swenson & Sons.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

*(Continued from April No., page 794.)*

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3474	Lawrence National Bank.....	Geo. W. Lawrence,	James H. Mills,	\$ 55,000
	North Manchester, IND.			
3475	National Bank of Pittsburg.....	Simon H. Lanyon,	Frank W. Lanyon,	50,000
	Pittsburg, KAN.			
3476	Citizens' National Bank.....	Joseph D. Baker,	D. T. Lakin,	100,000
	Frederick, MD.			
3477	Farmers' National Bank.....	Peter Hosler,	J. G. Hull,	80,000
	Findlay, OHIO.			
3478	First National Bank.....	M. M. Towle,	Frank H. Tuthill,	50,000
	Hammond, IND.			
3479	First National Bank.....	Fred. Ware,	Carl Jackson,	50,000
	Clark, DAK.			
3480	Citizens' National Bank.....	E. M. Green,	John W. Rissel,	50,000
	Muncy, PA.			
3481	Ord National Bank.....	Frederick L. Harris,	Edward K. Harris,	50,000
	Ord, NEB.			
3482	Welden National Bank.....	John G. Smith,	F. Stewart Stranahan,	100,000
	St. Albans, VT.			
3483	First National Bank.....	James W. Dolan,	John J. Lamburn,	50,000
	Indianola, NEB.			
3484	National Bank of.....	Geo. W. Smith,	John L. Bacon,	50,000
	White River Junction, VT.			
3485	First National Bank.....	Walter S. Cheesman,	Theo. G. Lyster,	50,000
	Aspen, COL.			
3486	First National Bank.....	Geo. Flavel,	Sam'l S. Gordon,	50,000
	Astoria, OREGON.			
3487	Union National Bank.....	John P. Fiske,	John B. Padberg,	200,000
	Detroit, MICH.			
3488	Fifth National Bank.....	Wm. Dunham,	W. H. Fowler,	100,000
	Grand Rapids, MICH.			
3489	National Bank of.....	J. S. Chick,	W. J. Anderson,	1,000,000
	Kansas City, MO.			
3490	National Bank of.....	Wyatt Armfield,	.....	50,000
	High Point, N. C.			
3491	Northwestern National Bank of.	James B. Doyle,	Joseph Channon,	200,000
	Philadelphia, PA.			

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from April No., page 793.)

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
DAK....	Beadle Co. National Bank, Huron.	E. F. Dutton, <i>Pr.</i> .....	I. N. Perry. Frank E. Stevens, <i>V. Pr.</i> H. Kerr.
FLA....	First National Bank, Ocala....	W. H. Couch, <i>V. Pr.</i> ....	.....
GA....	Eagle & Phenix Savings B'k., Columbus.	A. I. Young, <i>Cas.</i> .....	G. G. Jordan.
ILL....	Third Nat. B'k, Bloomington..	J. M. Dooley, <i>Pr.</i> .....	R. P. Smith.
"	Dewitt Co. National Bank, Clinton.	Richard Butler, <i>V. Pr.</i> ....	Wm. Metzger. Wm. Metzger, <i>Cas.</i> .....
IND....	First National Bank, Hammond.	H. M. Godfrey, <i>V. Pr.</i> ....	.....
"	Central Nat. B'k, Green Castle.	Edward E. Towle, <i>As't C.</i>	.....
"	First Nat'l Bank, New Albany.	Alfred Hirt, <i>V. Pr.</i> .....	W. Bridges.
IOWA...	First National Bank, Algona....	J. A. Hutton, <i>Asst Cas.</i> ....	.....
"	Commercial Bank, Burlington.	J. C. Blackford, <i>Cas.</i> .....	F. R. Lewis.
"	Clinton National Bank, Clinton.	John Zaiser, <i>Pr.</i> .....	John M. Gregg.
"	Clinton Savings Bank, Clinton.	J. C. Weston, <i>Pr.</i> .....	W. F. Coan.*
"	Bank of Davidson Bros., Pattersonville.	C. C. Coan, <i>Cas.</i> .....	J. C. Weston.
"	Fayette Co. National Bank, West Union.	W. F. Coan, Jr., <i>Asst C.</i>	C. C. Coan.
"	Traders' State B'k, Burlingame.	J. C. Weston, <i>Tr.</i> .....	Wm. F. Coan.*
"	First National Bank, Kirwin...	J. S. Wilson, <i>Cas.</i> .....	E. W. Hazard.
"	Exchange Nat. Bank, Osborne.	E. B. Shaw, <i>Cas.</i> .....	E. A. Whitney.
"	Scott Co. Bank, Scott.	A. M. Miner, <i>Cas.</i> .....	T. M. Nelson.
"	Strong City Nat'l Bk., Strong.	Chas. W. Hull, <i>V. Pr.</i> ....	.....
MASS...	City National Bank, Holyoke.	E. F. Robinson, <i>V. Pr.</i> ....	.....
"	Second Nat'l Bank, Fall River.	F. A. Parsons, <i>Cas.</i> .....	James B. Johnson.
MICH...	Exchange Bank of Addison....	Wit Adare, <i>Cas.</i> .....	E. A. Hildebrand.
"	Preston Bank of Detroit.....	C. B. Prescott, <i>Pr.</i> .....	J. C. Parsons.*
"	Union National Bank, Detroit.	Leontine Lincoln, <i>Pr.</i> .....	Thos. F. Eddy.*
"	Fifth Nat. B'k, Grand Rapids..	Wm. N. Derbyshire, <i>Cas.</i>	John T. Stewart.
MINN...	Bank of Kerkhoven, Kerkhoven.	F. B. Preston, <i>Asst Cas.</i> ....	.....
"	Farmers & Mechanics' Sav. B., Minneapolis.	August Rasch, <i>V. Pr.</i> ....	.....
"	First National Bank, Shakopee.	J. D. Robinson, <i>V. Pr.</i> ....	.....
"	Winona Deposit Bank, Winona.	A. G. Wilcox, <i>Pr.</i> .....	John Clague.
NEB....	First National Bank, Arapahoe.	Allen Weatherby, <i>Cas.</i> ....	Frank M. Thornton.
"	Custer Co. Nat. B., Broken Bow.	Clinton Morrison, <i>Pr.</i> ....	W. Young.
"	Norfolk National Bank, Norfolk.	M. Berens, <i>V. Pr.</i> .....	G. Dailey.
"	Omaha Savings Bank, Omaha.	C. H. Lamberton, <i>V. Pr.</i> ....	.....
N. J....	Middlesex Co. Bank, Perth Amboy.	J. W. Booth, <i>Cas.</i> .....	C. H. Lamberton.
"	Perth Amboy Savings Inst., Perth Amboy.	O. L. Allen, <i>Cas.</i> .....	D. M. Tomblin.
N. MEX.	Albuquerque National Bank, Albuquerque.	J. E. Maxwell, <i>Cas.</i> .....	Chauncy Abbott.
N. Y....	Dime (E. D.) Sav. B., Brooklyn.	N. A. Rainbolt, <i>Pr.</i> .....	C. P. Mathewson.
"	White's Bank, Buffalo.....	James A. Read, <i>Act'g Cas.</i>	Lewis Ley.
"	Peekskill Sav'gs B'k, Peekskill.	Guy C. Barton, <i>Pr.</i> .....	James E. Boyd.
"	Vilas Nat'l Bank, Plattsburgh..	U. B. Watson, <i>Pr.</i> .....	.....
"	Oneida Co. Savings Bank, Rome.	W. H. Peterson, <i>Cas.</i> ....	U. B. Watson.
"		E. R. Pierce, <i>Pr.</i> .....	E. H. Hall.
"		U. B. Watson, <i>Treas.</i> ....	.....
"		John A. Lee, <i>Pr.</i> .....	Joseph Bell.....
"		W. S. Strickler, <i>Cas.</i> ....	Wm. K. P. Wilson.
"		Robinson Gill, <i>Pr.</i> .....	Geo. Kelsey.*
"		Seth W. Warren, <i>Cas.</i> ....	Elisah T. Smith.
"		Albert B. Briggs, <i>Asst C.</i>	S. W. Warren.
"		Nath. Dain, <i>Treas.</i> ....	Coffin S. Brown.
"		Samuel H. Vilas, <i>Pr.</i> .....	Samuel F. Vilas.*
"		Alfred Ethridge, <i>Pr.</i> .....	S. B. Stevens.
"		C. S. Griffin, <i>Treas.</i> ....	G. Harrison Lynch.

\* Deceased

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y....	National Bank of Vernon....	Warren G. Strong, <i>Pr...</i>	Josiah Case.*
		Wm. H. Skinner, <i>V. Pr...</i>	.....
OHIO...	Third National Bank, Cincinnati.	Wm. A. Lemmon, <i>Cas...</i>	W. A. Lemmon, <i>A.</i>
	Hubbard National Bank, Hubbard.	C. T. Perin, <i>Ass't Cas...</i>	.....
		R. H. Jewell, <i>Pr...</i>	A. M. Jewell.
	Union Nat'l Bank, Massillon...	Samuel Q. March, <i>Cas...</i>	R. H. Jewell.
OREGON	Portland Savings Bank, Portland.	Joseph Coleman, <i>Pr...</i>	J. E. McLain.*
		Frank Dekum, <i>Pr...</i>	D. P. Thompson.
		H. C. Stratton, <i>Cas...</i>	R. L. Durham.
PA.....	Allentown Nat. Bk., Allentown.	Robert E. Wright, <i>Pr...</i>	C. W. Cooper.
	Jenkintown N. B., Jenkintown.	Chas. F. Wilson, <i>Pr...</i>	Samuel W. Noble.*
	Miners' Deposit Bank, Lykens.	F. H. Voss, <i>Cas...</i>	E. W. Deibler.
	Fifth National B'k, Pittsburgh.	A. C. Knox, <i>Cas...</i>	L. H. Williams.
	German Sav. & Dep. Bank, Pittsburgh.	J. B. Lutz, <i>Pr...</i>	Gregor Fox.
	First Nat'l Bank, Susquehanna.	C. F. Wright, <i>Ass't Cas.</i>	.....
TEX....	First National Bank, Burnett..	W. H. Boggess, <i>Cas...</i>	W. H. Boggess, <i>Act.</i>
	First National Bank, Houston.	August Bering, <i>V. Pr...</i>	L. J. Latham.
Vt. ....	Bennington Co. Nat'l Bank, Bennington.	Clement H. Cone, <i>Cas...</i>	.....
	Burlington Trust Co., Burlington.	Wm. Wells, <i>Pr...</i>	C. M. Spaulding.
	Welden Nat. Bank, St. Albans.	J. C. Stranahan, <i>Ass't C.</i>	.....
VA. ....	Norfolk Clearing-house, Norfolk.	H. N. Page, <i>Mgr...</i>	W. S. Wilkinson.
W. VA.	Bank of West Va. Clarksburg..	W. H. Freeman, <i>Pr...</i>	T. S. Spates.
WIS....	Citizens' Bank of Clinton, Clinton.	A. Woodard, <i>Pr...</i>	C. P. Drake.
		Earl Preble, <i>Cas...</i>	W. Edwards.

\* Deceased.

## CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from April No., page 792.)

N. Y. CITY....	Chase, Seligson & Co.; succeeded by Seligson & Co.
" "	Smith & Oliphant; suc. by Lathrop, Smith & Oliphant.
DAK....	Clark..... Clark County Bank; now First National Bank.
" "	Lisbon..... Bank of Lisbon (Green & Kindred); now J. E. Wisner, prop.
" "	Wahpeton..... First National Bank. Receiver appointed.
" "	Woonsocket... Citizens' National Bank; now American Bank & Trust. Co.
FLA....	Orlando..... Bank of Orlando; succeeded by First National Bank.
ILL....	Chicago..... John H. Wrenn & Co.; succeeded by Wm. B. Wrenn.
" "	Dwight..... People's Bank. Closing out business.
" "	Elmwood..... Bank of H. P. Tracy & Co.; now Farmers & Merchants' B'k.
" "	Macomb..... First National Bank; succeeded by Bank of Macomb.
IND....	No. Manchester. Eel River Valley Bank; suc. by Lawrence National Bank.
IOWA...	Jesup..... First National Bank; succeeded by Farmers' Bank.
KAN....	Burlingame.... Traders' Bank; now Traders' State Bank.
" "	Columbus..... Bank of Columbus; now Jarvis Conklin & Co., props.
" "	Pittsburg..... Bank of Pittsburg; suc. by National Bank of Pittsburg.
" "	Solomon City.. Farmers' Bank (Dewar Bros.); suc. by Farmers' State Bank.
MICH..	Detroit..... Market Bank; succeeded by Union National Bank.
MO....	Kansas City... Bank of Kansas City; now National Bank of Kansas City.
NEB....	Indianola..... Red Willow Co. Bank; succeeded by First National Bank.
" "	Ord..... Valley County Bank; succeeded by Ord National Bank.
OHIO...	De Graff..... Loofbourrow, Williams & Co.; succeeded by Loofbourrow & Williams.
" "	Findlay..... Farmers' Bank; succeeded by Farmers' National Bank.
" "	Napoleon..... Heller & Saur; succeeded by J. C. Saur & Co.
TENN...	Charleston.... Hiwassee Savings Assoc.; succeeded by Bank of Charleston.
TEX....	Dallas..... Dallas National B'k; consolidated with City National Bank.
WYOM..	Evanston..... Mutual Exch. Bank (O. North); now North & Stone, props.

## BOSTON BANK STOCKS AND DIVIDENDS.

*Semi-Annual Dividends—Payable in April, 1886.*

The following table, compiled by Joseph G. Martin, Boston, presents the capital of each bank, together with the last two semi-annual dividends, free of all taxes, and the amount payable on Thursday, April 1, also the market value of each stock, dividend on, Oct. 1, 1885, and at the present time:

Boston Banks.	Capital.	Dividends.		Amount.	Stock, Divid. on.	
	April, 1886.	Oct., '85.	Ap., '86.	Apr. 1, 1886.	Oct. 1, '85.	Mar. 26, '86.
Atlantic National.....	\$ 750,000	3	3	\$ 22,500	145	138
Atlas National.....	1,500,000	2½	2½	37,500	120	126
Blackstone National.....	1,500,000	2½	2½	37,500	110	116
Boston National.....	1,000,000	3	3	30,000	120	122
Boylston National.....	700,000	3	3	21,000	122	131
Broadway National.....	200,000	0	0	—	102	102
Bunker Hill National.....	500,000	4½	4½	22,500	183	190
Central National.....	500,000	3	3	15,000	105	108
City National.....	1,000,000	2	2½	25,000	108	116
Columbian National.....	1,000,000	3	3	30,000	132	132
Commerce.....	1,500,000	2½	3	45,000	119	125
Commonwealth.....	500,000	2½	2½	12,500	118	120
Continental National.....	1,000,000	2½	3	30,000	110	118
Eagle National.....	1,000,000	2	2	20,000	108	114
Eliot National.....	1,000,000	3	3	30,000	120	127
Everett National.....	400,000	2	2	8,000	95	101
Exchange National.....	1,000,000	2	2	20,000	115	125
Faneuil Hall National.....	1,000,000	3	3	30,000	133	136
First National.....	1,000,000	5	5	50,000	205	205
First Ward National.....	200,000	3	3	6,000	120	120
Fourth National.....	500,000	2½	2½	12,500	108	112
Freeman's National.....	800,000	2	2	16,000	102	108
Globe National.....	1,000,000	2	2	20,000	95	102
Hamilton National.....	750,000	3	3	22,500	123	127
Hide & Leather.....	1,500,000	2½	2½	37,500	115	121
Howard National.....	1,000,000	2½	2½	25,000	114	118
Lincoln National.....	300,000	2½	2½	7,500	105	107
Manufacturers' National.....	500,000	2	2	10,000	100	102
Market National.....	800,000	2	2	16,000	95	102
Massachusetts Nat. par \$250	800,000	2	2	16,000	100	104
Maverick National.....	400,000	5	5	20,000	225	225
Mechanics' National.....	250,000	3½	3½	8,750	130	131
Merchandise National.....	500,000	2½	2½	12,500	98	103
Merchants' National.....	3,000,000	3	3	90,000	144	145
Metropolitan National.....	300,000	2½	2½	7,000	112	114
Monument National.....	150,000	6	5	7,500	210	215
Mount Vernon National.....	200,000	3	3	6,000	135	140
National Market of Brigh.....	250,000	3½	3½	8,750	133	140
New England National.....	1,000,000	3	3	30,000	145	151
North National.....	1,000,000	3	3	30,000	126	135
North America.....	1,000,000	2	2	20,000	102	107
Old Boston National.....	900,000	2	2	18,000	61	62
People's National.....	300,000	4	4	12,000	160	160
Redemption, National.....	1,000,000	3	3	30,000	120	120
Republic, National.....	1,500,000	3	3	45,000	133	140
Revere (National).....	1,500,000	3	3	45,000	125	127
Rockland (National).....	300,000	4	4	12,000	137	137
Second National.....	1,600,000	3	3	48,000	151	154
Security (National).....	250,000	2½	2½	6,250	180	180
Shawmut National.....	1,000,000	2	3	30,000	116	123
Shoe & Leather National.....	1,000,000	2	2½	25,000	101	102
State National.....	2,000,000	2½	2½	50,000	120	125
Suffolk National.....	1,500,000	2½	2	30,000	115	117
Third National.....	600,000	0	2	12,000	84	100
Traders' National.....	500,000	2	2	10,000	97	102
Tremont National.....	2,000,000	2	2	40,000	109	114
Union (National).....	1,000,000	3	3	30,000	140	145
Washington National.....	750,000	2½	2½	18,750	131	135
Webster (National).....	1,500,000	1½	2	30,000	105	108
Total April, 1886.....	\$ 52,450,000			\$ 1,408,000		
Oct., 1885.....	52,450,000			1,365,500		
April, 1885.....	52,450,000			1,428,000		
Oct., 1884.....	52,450,000			1,468,500		
April, 1884.....	52,450,000			1,492,500		

‡ Quarterly.

# FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, APRIL, 1886.

Opening, Highest, Lowest and Closing Prices  
of Stocks and Bonds in April.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in April.										
GOVERNMENTS.					RAILROAD STOCKS.					
	Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.		Open- ing.	High- est.	Low- est.	Clos- ing.
MAR.						EAST TENN., VA. & GA.				
4½s, 1891.....reg.	Mar.	112½	112½	112½	112½	Do.	—	2½	1½	1½
4s, 1891.....coup.	—	112½	112½	112½	112½	Do. pref....	26½	26½	23½	24
4s, 1897.....reg.	Jan.	126	126½	126	126½	Do.	60½	61½	54	56½
4s, 1907.....coup.	—	126	126½	126	126½	Houston & Texas.....	139½	140	138½	—
¼s option U. S. reg.	Feb.	100½	101	100	101	Illinois Central.....	—	28	20	—
6s, cur'cy, 1895....reg.	—	127½	127½	127½	127½	Indiana, Bloom'g & Western	40½	40½	34	22½
6s, cur'cy, 1896....reg.	Jan.	129	130	129	130	Louisville, N. Alb. & Chic....	83½	84	78½	35½
6s, cur'cy, 1897....reg.	—	131½	132	131	132	Lake Shore.....	134	134	111	80
3½, cur'cy, 1898....reg.	July.	134½	135	134½	135	Long Island.....	92½	92½	89½	89½
6s, cur'cy, 1899....reg.	—	136½	137	136½	137	Long Island Central.....	91	91	89½	89½
						Michigan Central.....	68½	69½	62½	64½
						Mill. L. Sh. & West.....	—	54	40	45
						Do.	68	68	76½	—
						Morris & Essex.....	142	140	140	—
						Missouri Pacific.....	107	107½	102½	103½
						Missouri, Kansas & Texas..	29½	29½	23½	26½
						Manhattan Beach Co.....	18½	19	17	17
						Manhattan Penol.	128½	129	126	127
						Memphis & Charleston....	32	32	21	21
						Mobile & Ohio.....	18½	18½	18½	18½
						Minneapolis & St. L. ....	22½	22½	18½	10½
						Do.	45½	45½	42½	45
						N. Y. Chic. & St. Louis....	15½	15½	12	13
						Do.	7½	7½	6	6
						N. Y. Central & Hudson....	103½	103½	100½	102
						N. Y. & New Eng.....	34½	37½	33½	34
						New Jersey Central.....	50½	50½	47½	49
						N. Y. Lack. & Western....	105½	106	105½	105½
						Norfolk & Western.....	20	20	17½	28½
						Norfolk & Western.....	25½	26½	23½	24½
						Northern Pacific.....	56½	57½	54½	56½
						Do.	47½	48½	43½	46½
						Nashville, Chat. & St. L....	15½	18½	14½	16½
						N. Y. Ontario & Western....	24½	24½	21½	24½
						Ohio & Mississippi.....	15½	17½	14	14½
						Ohio Southern.....	98½	101½	95	97½
						Oregon Navigation.....	28½	31	28½	28½
						Oregon & Trans-Continental.	15½	15½	15½	15½
						Ohio Central.....	—	—	—	—
						Do.	18	18	18	18
						Do.	13½	13½	13½	13½
						Do.	43½	43½	38½	40½
						Central Pacific.....	127	128½	123½	125½
						Colorado Coal & Iron.....	25½	26½	21½	22½
						Delaware, Lack. & West..	127	128½	123½	125½
						Delaware & Hudson Canal.	101½	101½	96½	99½
						Denver and Rio Grande....	—	—	—	—
						Do.	117	118	117	117½
						Do.	118	118	117	118



## NOTES ON THE MONEY MARKET.

## A FINANCIAL AND COMMERCIAL REVIEW.

THE month of April has not been one of showers either in the physical or business world. Indeed it has been a very cold and backward month in both, and the prospects for May flowers are correspondingly delayed, if not injured. The partial paralysis in the transportation business threatened last month by the railroad strikes, though somewhat relieved in the Southwest, has since extended to other commercial centres. Chicago had a week's tie up on one of the trunk lines, which really caused greater apprehension of more extended labor troubles than did that at St. Louis, which was considered more localized. Yet, by a compromise, the Chicago difficulty was ended and this extension prevented, as that at St. Louis might have been, had the same counsels been followed. The renewal of the troubles on the street railways of this city, which had been settled by the previous strikes, were almost as depressing in their influence on business and speculation; because the public thought it showed that the successes of the former strikes, for shorter hours and better pay, had turned the strikers' heads, and that the entire community was now threatened by a monopoly of labor and a trades' union tyranny as dangerous in the opposite direction as that of which the labor organizations complained, and against which they originally struck. This new development in the contest between these two powers, capital and labor, has naturally made capital, in all legitimate as well as speculative enterprises, more timid than during March, and hence the depression in business has been more general in speculative branches of trade. Before, it was confined to railroads. Now it extends to nearly every industry, as the additional agitation of the eight-hour system throughout the country, and the demand of labor organizations generally that it shall go into effect on May 1st, has brought the labor problem home to every man in the country engaged in any kind of business, or interested in any investment. The result has been to direct more serious and careful attention to the study of this industrial upheaval, and to the causes leading to it, with the sincere desire of removing them, whatever they may be, and of establishing the relations between capital and labor upon a permanent and hence satisfactory basis, by which the conservative, industrious, temperate and law-abiding element in the labor organizations of the country shall be enabled to keep control of them as hitherto, and out of the hands of the anarchistic element that has lately come to the front for the first time since 1877. This explains the changed and fast changing drift of sentiment among conservative business men, whose first impulse was to resist all demands of labor, refuse to recognize its organizations, and to resort to force to crush and silence them. This change in public opinion, though insisting upon respect for law and protection to property, as well as the right to control one's own business, is seen in the method of peaceful and friendly settlement of the Lake Shore trouble, which was approved both by the interested business men, whose freight could not be moved, and the disinterested and true friends of labor.

With this analysis of the foundation upon which all business and most

markets now rest, it will be perfectly clear why the course of the latter and the volume of the former have not changed for the better during April, and also why the prospects for May are much less favorable in the business than in the agricultural world. Notwithstanding the cold, late spring, the latter are so far, unusually and uniformly good in this country, excepting in Kansas and Michigan, where the winter wheat prospects are poor, to ordinary only.

The situation in Wall Street, since the public left the market in January, has degenerated into a state of stagnation almost as complete as a year ago, as it is more directly effected by the trouble with great transportation interests than commercial and industrial affairs. Generally the tonnage of the railroads has fallen off so that, even with high rates, they are earning no more or even less than a year ago when the railroad war was at its height. This state of railroad traffic has driven investors out of stocks, and speculation has fallen off seriously on the Stock Exchange. The cliques and pools who loaded up on the Trunk Line settlement last summer are compelled to hold their load, which is made comparatively easy by continued cheap money, while the Bear cliques are afraid to sell the market down, because this cliqued condition of stocks would enable these pools to "squeeze" them if caught short to any large extent. Wall Street is therefore as deserted and barren of interest as a year ago, awaiting the settlement of the railroad labor troubles, which are likely to be of longer standing than the brokers care to contemplate. The money situation is, therefore, of more interest just now in Wall Street than the stock market; for, while the return of currency from the interior has been larger in April than expected, as well as earlier, we have begun to export gold again, and the reduction in the surplus bank reserve, which was arrested in March, has again set in in volume. Exports have increased during April, yet Europe is not buying our securities, and hence the supply of commercial bills has not been increased enough by exports of produce to make up for the falling off in bankers' bills against exports of railway stocks and bonds. The Government bond call, and the decreased demand for money, both for speculative and legitimate purposes, because of the strikes, prevent anything like a renewal of the gold scare of last winter.

The situation of other markets, legitimate and speculative, has not been as flat as that for stocks. Yet the tendency has been in the same direction—downward—owing to loss of confidence in the future of values, as well as in the safety of the rights of property. A better export demand has arrested or checked this tendency. As yet it is unable to overcome it or infuse the public with confidence in the value of anything, however cheap. Hence, with the best export demand in April for any month in this crop year, we have had drooping and declining markets because of this labor incubus that hangs over every industry, and enables the Bears to constantly depress prices in the face of exports, facts, statistics and supplies that place our chief staples in the strongest and most healthy and legitimate situation in which they have been for fully three years. This applies to nearly all our great export staples—wheat, corn, flour, cotton, lard and bacon—which have been moving freely into shipment despite the strikes, to replenish the rapidly decreasing stocks in Europe, which promise to be more nearly depleted at the end of this crop year than for the last four or five years. Between this and next crops, therefore, or till August or September, a continuance of this improved export demand is looked for, and it is not likely to fall off to last Fall's small

proportions, even after we go into the new crops, as the world's over-production of the past three years is now being overtaken by its consumption, and supply and demand are becoming equalized in agricultural products again, as they have been during the past year in manufactured articles. On the recovery of 1878-79, agriculture led and manufactures followed, because then demand exceeded supply of farm products owing to three years of under-production in Europe caused by bad crops. The conditions were exactly reversed last year, and hence the manufacturing interests recovered first. But all these interests are now moving into a stronger position together, for a *bona-fide* period of prosperity, though not of speculation, as in 1878 to '81. The labor blockade is the great drawback to a general improvement, and the sooner it is broken peacefully and satisfactorily, and therefore permanently, the sooner will every branch of business revive with returning confidence and employment of labor and capital. The prospects of good crops so far this year will help us out of this slough of industrial despond, or, better yet, fill it up and prevent a return of the malaria that has been bred and spread through the whole body, commercial and industrial. On this the railroads will be restored to prosperity, as good crops and export demand will start trade. Good wages and general employment always bring good times, and poor wages and uncertain employment bad times. Nothing, therefore, would help general business so much as the speedy and final settlement of these labor troubles, in the mutual interest of the capitalist and workingman.

As the course of the markets outside of Wall street has been affected by the same general cause and in the same way, dullness has been the predominant feature of all except during the temporary spurts of speculative activity, when the "longs" have been compelled or scared to liquidate by throwing over their loads and causing a break when the "shorts" have been active buyers to "cover." There has also been an occasional flurry on the bull side of some of the markets, caused by the Bears getting scared at the inherent strength of the legitimate situation, and the healthy consumptive demand which has continued in all branches of trade, while actually increasing in some, and "covering" their shorts at a loss instead of a profit on an advance produced entirely by their own stampede. This state of the speculative mind and these conditions of nearly all the speculative markets show more clearly than anything else that the legitimate business situation and demand is healthy and natural, while the speculative situation and supply is unnatural and unhealthy, and that the prevailing bear sentiment is not believed in, even by those who entertain and act upon it. Yet, while this is true, and admitted to be so, the fact remains that those who have changed to the bull or investment side of anything have found themselves against the prevailing speculative opinion which has overborne them and the real situation for the time, and left them with losses. On the other hand, those who have sold short of or depreciated the value of anything have made money in spite of the fact that prices are too low to remain for many articles which cannot be produced for present prices. The reason of this is chiefly in the lack of confidence in the future of values and the safety of investments owing the inevitable readjustment of the division of the joint profits of capital and labor that is to be shared by each. That this will tend toward an enhancement of values is plain from the fact that wherever the higher wages and shorter hours demanded by labor have been conceded, it

has been immediately followed by an advance in the price of the product by the manufacturers. Hence it will be seen that if the fears on which values have been depressed are realized, it will result in an immediate advance in prices; and that the more general this shall become, the more general will the advance be. This great bugbear is, therefore, a bull and not a bear element. So that whichever way the industrial revolution that is now sweeping through the country shall terminate, it will benefit business so soon as over. The commercial and industrial world has just passed through the culminating period of over-production incident to the universal introduction of labor-saving machinery, whose first effect has been to displace labor and decrease the per capita consuming power of the industrial masses in proportion to their non-employment, at the same time that their per capita producing power has increased tenfold. This is what has caused the present troubles both of a commercial and industrial character. The effect is beginning to be ameliorated by the overtaking of this over-production by consumption. This occurred a year ago in most of our manufacturing interests, and hence their improvement and that in the demand for and prices of manufactured goods during the past year. Owing to these abnormally large crops of agricultural products the world over, due to three favorable seasons in succession, and the universal introduction of farm machinery in other countries, as well as this, the over production of raw material and the commercial depression has lasted longer than the industrial. Now, consumption of raw material has reduced the stocks, so that commercial affairs have reached the first step in the ascending scale of improvement that the manufacturers reached a year ago. In 1878 the commercial led the manufacturing interests out of that depression in this country because three short crops in Europe in succession then reduced the stock of raw materials before that of manufactured goods was reduced. This period of recovery is therefore reversed with the results described. Hence the situation is by no means dark, and there is little cause for apprehension for the future, as these labor troubles are the inevitable outgrowth of the unprecedented mechanical development of the last twenty-five years. Besides, wages always advance as times improve, and the fact that most demands for advances are granted, shows the ability of almost all business to grant them, which could not have been done eighteen months ago, and would have resulted in stoppage. The prospects of a period of genuine legitimate activity and prosperity in the near future are therefore really brighter than has been supposed by those who have doubted the ability, desire and good sense of all classes of the American people to adjust themselves to this new development in our wonderful material progress toward our manifest destiny as the great agricultural, industrial and commercial country of the world.

England obtained the supremacy in commerce and manufacture when it had the poorest qualifications of any of the great nations, being the smallest of all producers of raw materials, which she was compelled to import, as well as her food and feed supplies. America is the largest producer of raw materials and food and feed in the world. As the cost of manufacture is least nearest the base of supply of raw material, we have the advantage of all other manufacturing countries, which will yet control the commerce of the world.

The reports of the New York Clearing-house returns compare as follows:

1886.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
April 3..	\$ 349,806,600	\$ 78,459,800	\$ 26,241,100	\$ 370,838,000	\$ 7,974,100	\$ 11,991,40 <sup>u</sup>
" 10..	350,138,700	77,483,700	31,373,600	373,205,700	7,916,300	15,555,87
" 17..	350,567,700	76,682,100	32,229,000	376,753,800	7,892,900	14,722,650
" 24..	351,542,800	74,742,300	32,380,700	375,197,800	7,911,400	13,323,550

The Boston bank statement is as follows :

1886.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
April 3 .....	\$ 152,702,900	\$ 10,541,600	\$ 2,999,700	\$ 110,818,600	\$ 18,818,300
" 10 .....	152,047,800	10,615,700	2,552,300	110,275,900	18,654,900
" 17 .....	150,269,100	10,411,900	2,365,500	110,362,800	18,592,100
" 24 .....	149,133,300	10,535,000	2,988,400	109,369,100	18,515,700

The Clearing-house exhibit of the Philadelphia banks is as annexed :

1886.	Loans.	Reserves.	Deposits.	Circulation.
April 3 .....	\$ 84,963,400	\$ 23,326,900	\$ 82,388,300	\$ 6,289,000
" 10 .....	85,300,300	23,192,600	81,955,900	6,196,500
" 17 .....	86,227,100	24,496,600	85,673,900	6,203,500
" 24 .....	85,441,600	24,097,400	84,349,600	5,994,500

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows :

QUOTATIONS :	April 5.	April 12.	April 19.	April 26.
Discounts .....	5@6	4½@5½	4½@6	4½@6
Call Loans .....	2½@2	2@1½	3@1½	2½@2
Treasury balances, coin .....	\$ 128,071,377	\$ 128,101,942	\$ 128,488,216	\$ 128,345,504
Do. do. currency .....	\$ 10,934,389	\$ 10,778,541	\$ 10,819,659	\$ 10,980,589

## DEATHS.

ADAMS.—On April 19, aged seventy-eight years, CHAS. ADAMS, Jr., President of North Brookfield Savings Bank, North Brookfield, Mass.

BENJAMIN.—On April 26, aged sixty-six years, R. H. BENJAMIN, President of Riverhead Savings Bank, Riverhead, N. Y.

CHANDLER.—On March 29, aged sixty-five years, ALBERT F. CHANDLER, of the firm of Nathan B. Goodnow & Co., Boston, Mass.

COOPER.—On April 11, aged sixty years, C. W. COOPER, President of Allentown National Bank, Allentown, Penn.

EDDY.—On April 19, aged fifty-eight years, THOS. F. EDDY, President of Second National Bank, Fall River, Mass.

EMERY.—On April 14, aged seventy-four years, GEO. F. EMERY, Treasurer of Union Institution for Savings, Boston, Mass.

HULL.—On April 14, EDGAR HULL, President of German-American National Bank, St. Cloud, Minn.

LIESE.—On April 8, aged fifty-two years, CONRAD LIESE, President of First National Bank, Alameda, Cal.

MARTIN.—On March 20, aged fifty-three years, WM. H. MARTIN, of the firm of Coggin, Ford & Martin, Brownwood, Tex.

McLAIN.—On March 24, aged seventy-two years, J. E. McLAIN, President of Union National Bank, Massillon, Ohio.

MILLS.—On April 6, aged twenty-five years, E. SCOTT MILLS, of the firm of H. S. Mills & Son, Kansas City, Mo.

SHIRK.—On April 8, aged sixty-eight years, ELBERT H. SHIRK, President of the First National Bank of Peru, Ind.

TABOR.—On April 29, aged sixty-five years, STEPHEN H. TABOR, Cashier of the Rhode Island National Bank, Providence, R. I.

THE

# BANKER'S MAGAZINE

AND

## Statistical Register.

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VOLUME XL.

JUNE, 1886.

No. 12.

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### THE INDUSTRIAL WAR.

The uneasy condition of the working classes in our country is a matter of deepest significance to all. Never before was this unsettled feeling so general. It is believed that the most dissatisfied are those who have lived in the country the shortest period, who know nothing about our institutions and care less, and have brought with them hatred for any government from their bitter experience in the countries whence they came. The riots in Chicago especially seem to have sprung from this class, and the same thing is doubtless true everywhere. Certainly the Americans themselves, whether white or black, however dissatisfied they may be over the remuneration received for their labor, have shown no disposition to transgress the law in the way of destroying property and threatening life.

A question hardly less serious is, how long will this state of things continue? Is this outbreak a momentary affair and likely soon to pass away, or does it originate in a long-existing discontent, which will not be easily or soon satisfied?

One of the most striking facts of this agitation, though least discerned, is the war which the workingmen are making on themselves. Primarily, they have struck because unable to secure better terms from their employers. When striking, therefore, they have supposed that they were pursuing a policy which would bring their employers sooner or later to terms. They have realized that such a movement would entail at least a temporary loss on themselves, but they have felt sure at least that a greater loss would ensue to their employers, and hence the probability of victory for themselves

in the end. This, however, is only an imperfect view of the matter. The fuller view is, that in thus striking and bringing a factory, for example, to a stand-still, a large number of workmen in other pursuits are also crippled. If their employers feel the blow, it is certain that employees in other pursuits will feel it sooner or later far more. Let us illustrate this by an example. Let us suppose that the men in a woolen factory are unable to make satisfactory terms with their employer and strike, resulting in the closing of the mills. What then? The employer, if previously making a profit on his product, of course will make no more. The men and their families being without work are also without an income. Those from whom they made purchases having less trade are also in a degree crippled. So also in turn are they who produced the supplies thus bought and sold. Thus we go the round and find that in the end a very large number of men, who are making all the various products which the workmen in this particular mill buy with their wages, also suffer from the strike. Men cannot buy if they have not the money, and, if they cannot buy, it is useless for others to make; and if nothing is made, of course there is no employment, and thus the strike in the woolen mill has a far-reaching effect on the same class of people located in many places. When the loss of a strike is fully considered, how great it truly is.

A great deal is said now-a-days about monopoly and competition. Monopoly is dreaded because it is supposed to be indicative of high or unreasonable prices. Yet, as a matter of fact, does it happen always that an unreasonable price is charged in consequence of having a perfect control of the market? A fine illustration of this is the conduct of the Standard Oil Company. The fact that it is a great monopoly is recognized by everyone; yet all must also recognize the fact that in selling to consumers very reasonable prices have been charged from the beginning. The persons squeezed by this monopoly have been the producers of oil, not the consumers. This great corporation has been managed with consummate wisdom, so far as the consumers are concerned. Had they been fleeced to the same degree and in the same spirit as the producers, doubtless long ago the company would have felt the imperious power of law.

With respect to competition, this has been regarded as a great blessing by many. On the other hand, it is true that a large number are coming to see that competition may be as baneful and injurious a thing as monopoly. For it may mean, and often does mean, two things. It may mean the destruction of opposing interests with a view of establishing a monopoly, or it may mean lower prices, leaving nothing to recompense the competitors fairly. Or competition may mean the living as long as possible and des-

truction in the end. Now, competition of the first and third kinds are but little better for society than monopolies. We regret that monopolies should exist which exercise their power in acquiring more than a reasonable profit, while we equally regret that any competition should exist so strong as to deprive any competitor of a reasonable profit. Such a profit, all things considered in determining the same, is all a producer or exchanger can rightfully claim, and society gains nothing in the end by making it any less.

All this is needful to be said in reaching the heart of our question. Have we reached that step in our industrial development in which a portion of the producers and exchangers must be driven to the wall? In other words, is the world too small for all that are in it, and, if not too small, then why do these contentions, so sad and so numerous, exist? It is an unquestioned fact that a large number are doing business to-day on the assumption at least that there is not enough business for all; that the world actually is too small; that men should toil fewer hours per day; that many of the mills should be closed and mines and furnaces; that a remedy for industrial ills can only be found in this harsh remedy. All which, translated into plain English, means that a portion of mankind must be slaughtered that the rest may live. This, we repeat, is the principle by which men are working to a considerable degree. It is the principle by which working men are acting that there is not work enough for them, that the world is too small for all. Is this so? Before answering the question, one other side of this question must be briefly noted. It is said that if free trade existed in this country, if there were no tariffs, if we produced as cheaply as Continental countries we might find a market for our good in South America and elsewhere, and thus our own markets be relieved and the hard times pass away. But do we not clearly see that this remedy involves the same thing, namely, a reduction of the rate of wages, that it is after all only a conflict of the laboring man with the laboring man; that our goods will meet in South American markets foreign goods, and if we sell for less in order to get the market, they will also sell for less, and thus the war among the laboring men will continue.

Look at the question from any side we may, the war among the capitalists and the war between the capitalists and the laborer is not half so severe as that between the workmen themselves the world over.

If these facts and deductions are true, two of three things follow. Either that the working class is too large or their purchasing power too small, or else that employments and prices are misadjusted. Whatever the evil may be, it ought to be ascertained.



It is hardly worth while to grope around for a remedy until we face clearly and squarely the cause of our troubles. The cheap remedy so often heard of free trade and foreign markets for our goods seems to us to amount to nothing, because the markets that we desire are already full to overflowing, and, therefore, to compete in them only means a keener fight of capital against capital and workmen against workmen than now exists. We think therefore, that we must seek for help in other directions. It would be more profitable to inquire whether a better remedy would not be found in shortening, to some extent at least, the hours of labor; in readjusting the remuneration of it on a reasonable and equitable basis; enlarging our wants through better municipal government, and in other ways that we might mention. If our cities were well managed, as they ought to be, a great many of our wants, which to-day are very imperfectly fulfilled, and which we have no desire to fulfill to any greater degree, because of the heavy expense, would rise in importance before our minds, and a fuller gratification of them would be sought. We do not object to city taxation if satisfying our wants. What we do object to is the paying of taxes and getting but little or nothing for them. There is certainly a vast field for labor through municipal channels if our municipal corporations were more wisely managed. In other ways, too, a readjustment of labor might be made, and thus the industrial war now going on so fiercely, and with little prospect of cessation, would come to an end. Let us think less of driving down the price of labor than of readjusting it to fit existing conditions. Let us think less of competition than of providing work for all. Let us believe that every energy, every thought and imagination, may be put to some wise purpose if we only will. Let us believe that the great evil of our times is truly a misadjustment of our social relations, and that a wiser and more considerate regard for the true situation will lead clearly to seeing and applying such a remedy as the occasion demands.

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## THE PUBLIC LANDS.

The Commissioner of the Land Office, Mr. Sparks, has been making a worthy fight to recover for the Government a large portion of the public domain which greedy corporations have sought without law or right to claim and hold as their own. The land valuable for agricultural purposes has been rapidly taken until the quantity remaining fit for that purpose is reduced to a very small limit. Its value, therefore, is enhancing, because the time is soon coming when all will belong to private owners, and become in a very real sense a monopoly. The Government should prevent this state of things as long as possible, and to that end it should prevent the passing of the public lands into other hands than worthy settlers, and should frown down purchases by foreigners not living here, and those by gigantic companies organized for that purpose, and grants to railroads and other corporations. Whatever may have been the National policy with respect to railroad grants in the past, there is hardly any necessity for continuing it in the future. The ownership of land should be more restricted and appropriated with greater care.

We may remark in passing that a general feeling seems to have prevailed for many years that it was a safe thing to take almost anything desired from the Government, and that no prosecution was likely to follow; and, acting on this belief or assumption, land and timber have been taken with astonishing impunity. The action of the Commissioner of the Land Office in seeking to restore to the Government a part of what is justly due to it is worth of all praise. That he should be thwarted in his good endeavors is to be expected. He should have the support of all who believe in honesty and good government.

In two or three ways the public domain or land which is fit, or may be made fit, for cultivation can be greatly enlarged. The first method is by purchasing large portions of the Indian reservations. A bill is now before Congress providing for such a purchase. It is known as the "Dawes Bill," and has reference to the purchase of the Sioux reservation in Dakota. This is almost as large as the State of Indiana, and is occupied by only 28,000 Indians. A great part of the land is arable, for the reservation lies in the Dakota wheat belt. The tract is almost surrounded by settlers. Railroads are ready to traverse it. The Indians can use only a small portion of it. The game has disappeared, and they are not farmers. But they hold all this land under a treaty which binds the Government to deprive them of no part of it without

the consent of three-fourths of all the men in the tribe. Plainly it is for the interest of the Government to get possession of the part which the Indians cannot use; and on the other hand, it is for the interest of the Indians to dispose of their surplus land if they can get a fair price for it, for the money will make them rich, and a refusal to sell the acres which they do not need and cannot use will encourage those who have no respect for Indian treaties, and may work to their great disadvantage. If three-fourths of the men of the tribe shall consent, the Government will take 11,000,000 acres and sell this land to settlers for 50 cents an acre, setting aside the proceeds as a fund for the Indians' benefit. The Sioux will then have 11,000,000 or 12,000,000 acres left, and hereafter they will probably sell the greater part of this remainder. All persons interested will be benefited by the settlement proposed in the bill. The farmer will get his land at a very low price (\$80 for a farm of 160 acres), the Indians will receive a large income from the sale of lands which are now of no value to them, and the Government will not be forced to pay for the Indians' support so much as it is paying now.

If this bill shall become a law the operation may be repeated with respect to the purchase of a portion of the Indian reservations.

The second source of supply is the recovery from the railroad companies of large tracts which they have taken in excess of those granted to them by law. The fact has recently been made known that while all the land grant railroads have been completed for years many of them have never taken their land grants as a whole out of the Government's hands, and the final adjustment of the limits of these grants has not been completed, except so far as Mr. Sparks, the present Land Commissioner, has done this work. The land grant companies have not called for patents to all the lands to which they were entitled or which they claimed, because by leaving them unpatented they avoided local taxation on those they had not sold, and constant complaints on this matter have come from different State Legislatures. But on the other hand the companies have, it appears, filed their claims, and thus caused the reservation of public lands from settlement for years.

The "adjustment" or final examination and settlement of the land grants has been undertaken by Mr. Sparks, and is in part completed. It shows in many cases that the land grant companies have claimed too much land. For instance, the adjustment of the land grant of the Atchison, Topeka and Santa Fe Railroad shows that this company has had "approved to it" over nine hundred thousand acres more than it is justly entitled to. Of this great area 324,000 acres are outside and beyond the limits of the grant. The remainder is irregular in other ways.

The Kansas Pacific Railroad under the adjustment is shown to have taken 66,000 acres outside of the limits of the grant, and Mr. Sparks reports that the proper adjustment he has made will restore in all 250,000 acres to the public domain for homestead settlement. The Missouri, Kansas and Texas Company is shown by the adjustment to have taken 51,000 acres outside of the limits of the grant, and the Commissioner reports that it has in all 170,000 acres too much, which should be restored to the public domain and opened to homestead settlement. The St. Joseph and Denver City Railroad has, the Commissioner reports, 140,000 acres more than the grant allowed it. The Central Branch of the Union Pacific has laid claim to 80,000 acres more than rightfully comes to it under the grant.

A bill introduced by Mr. Anderson, of Kansas, has been favorably reported from the Public Lands Committee, which orders the immediate adjustment and final settlement of all railroad land grants, and provides that where the companies have taken possession of more land than the grants allowed, possession of such lands shall be resumed by the Government at once. If the companies have already sold such lands the bill directs suits to be brought against them, and pay back to the Government what they have received for such sales.

Finally a large amount of land can be reclaimed by diking the rivers, and by irrigation; and the time is soon coming when the Government will be justified in doing something in this way to enlarge the area of the National domain. Along the Mississippi and the great streams, around the bays and other water-ways are millions of acres of rich land which can be reclaimed. Perhaps the outlay in some cases would be quite heavy, but some day this should and will be done. The Government can not act too quickly in preventing the creation of large landed estates, for the very safety of the Government largely depends on the holding of the land by a large number of persons. Perhaps a greater safety lies in this direction than in any other. The land-owner is a conservative; a believer in law and order. The power of the irresponsible, thriftless, penniless population of our large cities must be balanced by population in the country, who, owning the soil, thus become conservators of the peace. Let the Government act speedily in thus enlarging the public domain, and securing for it the largest number of persons or settlers. No legislation, we believe, is more worthy of the attention of Congress than that relating to this subject.

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## FINANCIAL FACTS AND OPINIONS.

The London *Economist* of April 10 gives the following extract from a speech then just made by Mr. Gladstone in advocacy of his Irish Home Rule Bill:

Ireland might think fit to pass a law providing for the extinction of private issues in Ireland, and that no bank note should be issued in Ireland, except under the authority and for the advantage of the state. I own it is my opinion that Ireland would do an extremely sensible thing if she passed such a law. [Hear, hear.] It is my strong opinion that we ought to have the same law ourselves—[cheers]—but the block of business has prevented that and many other good things.

As will be seen, Mr. Gladstone adheres to his ideas of substituting state for bank notes, which he has heretofore indicated, and especially in the correspondence of the Lords of the Treasury with the Scotch banks, which he dictated three or four years ago, when he was then, as now, at the head of the Ministry. The *Economist* endorses the plan as "*an extremely sensible and beneficial reform*," But whether beneficial or otherwise, the same "*block of business*," which has hitherto prevented any attention being given to it, will continue to prevent it hereafter, and possibly for a long period.

This country has no interest in the British method of issuing paper money, whether by banks acting independently, or as closely controlled agents of the Government, or directly by the public authorities. But this country, and indeed all commercial countries, are affected by the amount of the British paper issues in excess of the metallic reserve held against them, as such excess very soon becomes an addition to the currency of the world, rather than to the local currency of great Britain itself.

It is also not probable that this country will ever be influenced in any sensible degree by either the example or teachings of the English in matters of currency. Much of the instruction to be drawn from either cannot be usefully applied to the totally different circumstances of the United States. We have no institution which enjoys the traditional credit of the Bank of England, and it is conclusively settled here by public opinion that the only credit which can efficiently sustain a National circulation is that of the nation itself, and that the intermeddling of the States in chartering banks of issue, which was always unconstitutional, and always the prolific source of the worst public mischiefs, should never again be tolerated.

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A city paper (the *Tribune*, of April 23), in discussing the Morrison

tariff and its proposed transfer of lumber and wool to the free list, says:

"If lumber alone were in question, many might incline to favor the conservation of American forests by a removal of duties. But it would not pay to kill off American sheep in order to conserve American pine trees."

In the (weekly) *Tribune* of March 3, the same view was expressed in the following language:

Mr. Barry's opinion that the rapid destruction of American forests is *caused by the duty on foreign lumber* is no doubt well founded. It is, at least, a leading element in the deplorable havoc. The great profits made possible and large fortunes gained have incited devastation all over the country, without regard to forest economy at all, or to the country's needs in the future.

The *Tribune* has been a too steady and efficient supporter of the protective system to leave a doubt of the sincerity of its convictions, but that only makes it the more to be regretted that it should give any countenance to the sapping and mining policy of destroying the tariff by piecemeal. To deprive lumber of the very moderate degree of protection which it now enjoys, will convert an influential interest from a friend into an enemy of the tariff, and it will require only a few more losses of the same kind to insure the downfall of the whole system.

The "*conservation of American forests*," by greater precautions against fires, by more careful and economical cutting, and by more attention to the growth of young trees to take the place of old ones, can only be hoped for from the enlightened regard of the owners of timber lands to their own interests. Forests will not be "*conserved*" until owners can see that there is money to be made by that course. If they can rely upon steadiness in such legislation as will secure to them the home markets, they will be inspired with confidence in the future value of their property, and will husband it. But if they are constantly threatened with the free admission of timber from the boundless forests of Canada, they will be tempted to precipitate their lumbering operations, and to realize the present value of their timber, instead of trusting to the future.

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The San Francisco *Bulletin* gives interesting accounts of the rock salt deposits in Nevada, not yet made sufficiently accessible by railroads to be profitably worked. One of them, on the Rio Virgin, of the width of half a mile, and of unknown depth, although exposed by canons to a depth of sixty feet, has been traced on the surface for a length of nine miles. It is solid enough to be blasted like rock, and so transparent that print can be read through blocks of it a foot thick. In Churchill county there is a deposit fourteen feet thick and of unknown superficial dimensions. The whole of the Humboldt salt field, fifteen miles long by six feet wide, is known to

be underlaid by rock salt, but the depth of the deposit is not known. If there is any country on the face of the globe which has such a superabundant natural capacity to produce the indispensable article of salt, that to insure its constant and exclusive home production for all its home needs is the clearest of National duties, it is the United States. If the present duty is not absolutely prohibitory, no time should be lost in making it so. The principle of imposing the heaviest tariff taxation upon all such necessities of life as can be abundantly and easily produced at home, is one of general application, but it is most free from any possible doubt in the case of salt. To make ourselves in any degree dependent upon foreign supplies for such an article as that, is a folly so egregious that it is not possible that American legislators can commit it.

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During the year ending April 30, 1886, there was a reduction of \$6,909,282 in the amount of outstanding National bank notes, and an increase of \$20,202,252 in the money deposited for their withdrawal, thus making their actual addition to the currency less by \$27,111,534. This net reduction of the bank notes will doubtless be considerably more during the year to come, and indeed must continue on a rather large scale until the withdrawal of the 3 per cent. bonds is completed. After that the volume of bank currency is likely to remain substantially stationary until September 1, 1891, when the 4½'s become subject to call. The Treasury Department might, if it pleases, moderate the rapidity of its calls for the 3's by buying the 4's at the market rates. Possibly such an attempt to buy them might run up the prices to exorbitant figures, but it would cost nothing to try the experiment. The holders of the 4's would be somewhat restrained from asking very high prices, by the knowledge that the Treasury is under no absolute necessity of buying.

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It is objected to laws fixing a maximum of the hours of labor, that it would be difficult, if not impossible, to apply such laws to all kinds of labor, which is undoubtedly true. But it seems to be a strange point to make, that because the whole of an evil cannot be remedied, no part of it should be. The practical good sense of mankind will not be influenced by such hair-splitting objections of theorists and crack-brained logicians. The experience of the English, who have limited the hours of labor in mining and manufacturing for half a century, has so confirmed their conviction of the wisdom of the policy, that they have taken no steps backward in it, but from time to time have enlarged its scope. Other nations in Europe, observing that the industrial pre-eminence of Great Britain has, at any rate, not been weakened by that policy, while the condition of its laboring classes has been ameliorated by it, are

following the English example. The latest instance of this, and one of great importance, is found in the recently enacted labor laws of Austro-Hungary. The legislators of that empire, like those of England, did not find it to be expedient to limit the hours of farm laborers, already limited by the length of daylight, the variations of the weather and the changes of the seasons, but they were not restrained on that account from controlling the hours of labor in factories, and it is doubtful whether in either country anybody was found silly enough to formulate the platitude that they should be so restrained. It may be added, that the limitation of the hours of labor of classes which constitute in countries advanced in civilisation a considerable percentage of the whole working population, must favorably affect the condition of all other classes. While the law imposing the limitation operates as a law only upon certain laborers, it operates on all of them as an embodiment of public opinion against excessive hours. And it gives to all laborers that considerable degree of protection against being subjected to excessive hours, which arises from their power to engage in the occupations in which the period of labor is limited by law.

We have full confidence that the example set by Massachusetts, and now followed by Rhode Island and elsewhere in this country, of compulsorily shortening the hours of adult factory labor and of fixing a minimum age of employment in the case of children, will in due time be followed in other States as they successively pass out of the condition of being mainly agricultural communities.

The precise degree of limitation, whether to eight or to any other number of hours, is a question of detail with which we do not meddle. But the principle of having a compulsory limitation at some point in the kinds of labor legislated upon in Great Britain and in Massachusetts, appears to us to be a sound one. It is almost unnecessary to add that we indorse no such doctrine as that which is embodied in the formula of "*ten hours' pay for eight hours' work.*" Whatever be the legally limited hours of labor, the daily rate of payment cannot be fixed by reference to the rate of payment for a different number of hours. Both parties, the employers and the employed, must take their chances as to the effect upon daily wages of a limitation of the length of a day's work. But if it turns out that employers are obliged to pay as much, or nearly as much, for shortened hours as for longer hours, it is certain that this will be largely, if not wholly, offset by the superior energy and effectiveness of labor when it is not overtasked.

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The remissions of duties by the United States upon imports from Hawaii, under the reciprocity treaty with that country, have exceeded by \$2,000,000 the total value of all our shipments to it. It is probable that for every one dollar of profit on our export trade to



Hawaii, the United States Treasury has paid five dollars in the way of subsidy. The American consumers of Hawaiian sugar have not been benefited by a single penny, as the quantity imported is too small relative to the total supply to affect the market. The whole arrangement has proved a dismal failure, although a single individual in San Francisco has cleared millions and millions of dollars by it. The House will undoubtedly pass a bill giving the one year's notice required to abrogate this most disastrous treaty. In the meantime, an effort is being made in the Senate to make a new treaty, extending the old one for another term of seven years, in consideration of the cession to us of a harbor in Hawaii as a naval coaling station, which it will cost millions to fortify, and which will then be utterly useless, except as a pretext for annual naval appropriations. It is not believed that the new treaty will be ratified, but the appearances are that the continuation of the present treaty has more supporters in the Senate than in the House, and that it may be doubtful whether the Senate will pass a bill to abrogate it.

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It is stated that now, and for some time past, the officials in Massachusetts, in their purchases of the obligations of that commonwealth for sinking fund purposes, have found that they can buy them at lower rates in London than at home. The fact of a higher price at home than abroad of United States bonds has existed for a longer time and in a more marked degree, and the tendency is strong and irresistible for all sound American securities to find their best market on this side of the Atlantic. Europeans will not buy our securities, which are to them foreign securities, unless they can obtain a distinctly greater income from them than from their own home securities. It is also to be considered that in the competition between European and American purchasers of American securities, the former are at the disadvantage of having greater difficulties in escaping taxation upon the income upon them. Upon the whole, as the international flow of securities is controlled absolutely and exclusively by their relative prices in different markets, we may be sure that American securities will tend homeward, until none are left abroad, except in the cases of a few foreign holders who cling tenaciously to an investment when they have once made it, or who prefer to have some part of their capital in foreign countries from a fear of disturbances in their own. There is now a small residuum of United States bonds left in Europe in the hands of holders of those two descriptions, and they will not give up their grip on them until the bonds mature and are called for payment.

Taking the whole case together, it is clear that an export of gold from this country, if the balance of trade becomes and re-

mains unfavorable, cannot be staved off by the happening of such a thing as an outward flow of securities from this country. Nothing will meet it and overcome it except such a lowering of our merchandize prices, relatively to those of the rest of the world, as will restore the equilibrium of trade.

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The indications at Washington are not favorable to any action during the present session of Congress upon the question of Postal Savings Banks, and it may be a long time yet before they will be established. There are doubtless real difficulties in the way of agreeing upon the details of such a system, and there are various interests opposed to it. In some of the States there are savings banks, on the basis of a guarantee capital furnished by stockholders, thus making it directly profitable to receive and hold deposits of savings, and it is natural that the persons concerned should deprecate the competitive interference of the Government with their business. In other States, where no direct profits are made out of deposits of savings, the persons concerned derive incidental advantages from the control of the investment of large sums of money, and while the great majority of those who control savings banks would not be influenced by that consideration to oppose Postal Savings Banks, some of them would be, either consciously, or unconsciously. Furthermore, it is not to be denied that the establishment of such banks must compel the Government to buy its own bonds to the extent of the deposits of savings; and the consequent rise in them, while it would be agreeable to some interests, would be deprecated by others.

The occasion seems opportune for renewing the suggestion that States and cities should, in their borrowing operations, consider whether they cannot borrow more cheaply from depositors of savings than from anybody else, and at the same time encourage such savings by offering guarantees for their safe keeping, not perhaps really better than are offered by the great majority of existing saving banks, but still calculated to inspire a more universal confidence.

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It is believed at Washington in well informed quarters that if the committee in charge of currency bills would introduce one increasing the amount of bank circulation up to the par of the deposited Government bonds, with the exception of the 3 per cent. bonds, the passage of it would not be very difficult. The McPherson bill in the last Congress did not except the last named description of bonds, but it has now become so probable that they will all be called for payment within three or four years, that it cannot be worth while to insist upon including them. If a bill excluding them can now be passed, the additional bank circulation obtained

will not be large, but it will serve to moderate the contraction of the bank circulation which is now in progress as the result of the calling of the 3 per cent. bonds. In some cases, also, it might induce banks not to withdraw the 4's and 4½'s now deposited for circulation purposes.

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Recent official returns show that there are now in Paris, 47,500 unoccupied flats of the grade of those paying ordinarily an annual rent of 500 francs, or \$100, and upwards, and which, when occupied, accommodate four persons on the average. It is also said, although exact figures are not given, that there is an unusual number of smaller flats which are not tenanted. This state of things is attributed to the falling off in the population of Paris, caused by the prostration of its industries, but it must be in part owing to the over-building in that city under the stimulus of the various companies which loan money to builders. The accumulation of capital in Paris since the Franco-Prussian war has been amazing. One proof of that is before our eyes on this side of the Atlantic, in the sums which have been forthcoming for the Panama Canal.

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A city paper (*Times* of May 10) is mistaken in supposing that the effort to suspend the coinage of the silver dollars failed in the House from the opposition of a majority of the Democrats and of a minority of the Republicans. It was not a minority, but a majority of the Republicans, who were found voting in the negative, and although the Republican adverse majority was not nearly as large as the Democratic adverse majority, it was nevertheless quite decided. It can only do harm to misunderstand the actual situation. The vote of April 8 in the House, which was 201 to 84 against stopping the silver coinage at a date postponed to July 1, 1889, is a clear proof that it will go on at least during the term of the present Administration. When the next Congress assembles, both parties will shirk the question until they can get through the Presidential election of 1888. Nothing is possible now, except an agreement upon some compromise measure, and it is very uncertain whether that is possible.

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A city contemporary expressed surprise that the payment of \$10,000,000 on called bonds during the first week in May only slightly decreased the cash in the Treasury, and seemed to conclude that the surplus constantly accruing from an excess of revenues over expenditures must be very great. The true explanation is, that the payments on the three per cent. bonds now being called on are, to use the expression of Senator Ingalls, largely "*a matter of book-keeping.*" From two-thirds to three-quarters of that particular class of bonds are deposited by the National banks as a basis of circu-

lation, and 90 per cent. of the face of the called bonds is left in the Treasury to redeem the bank-notes issued on them. The actual redemption of the circulation takes place very slowly, and the money held in the Treasury for that purpose has increased \$20,000,000 within a few months past.

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The annual report of the Bank of Montreal, just published, states that during the past year it has increased that part of its funds employed in Great Britain and the United States from five million dollars to twice that sum, but does not distinguish the proportionate employment in the two countries. It may be presumed, from the known stagnation of the English money market, that it is in the United States that the bank has found opportunity to make profits out of money which it cannot advantageously use in Canada. The bank is known to have an agency in Chicago, where the rate of interest, although low in comparison with former times, would now be called high in London and New York.

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In a report recently made to the New York Chamber of Commerce by one of its officers upon the foreign trade of the port in 1885, the following paragraph appears:

If ever there were a favorable moment to relieve commerce of some of the heavy burdens under which it labors it would seem to be now, when it is evident that the power of Europe to take our product depends upon the market we supply for her manufactures.

The New York Chamber of Commerce is, of course, not responsible for all the phrases and ideas found in reports made to it, by the acceptance of such reports as a whole. Nevertheless, whatever appears in such reports has a certain degree of apparent and *quasi* sanction by the Chamber itself, and it seems to be proper to point out some of the errors in the above-quoted paragraph.

Undoubtedly, the power of Europe to pay for our products, and for the products which it receives from any quarter, depends, except so far as it receives income from its investments in other parts of the world, upon the sales which it makes of its manufactures. But it is by no means necessary that Europe, in its dealings with each particular country, must sell as much as it buys, which involves the reverse proposition that Europe cannot buy more than it sells in its dealings with each particular country. It is a familiar matter of fact, that Europe has for many years bought more than it has sold in its trade with the United States, and has settled that unfavorable balance of trade out of its favorable balances with other countries. In other words, its power to buy of us depends upon the quantity of manufactures which it can sell to the whole outside world, and not specially upon the quantity it sells to us. Modern commerce is exclusively a cash commerce, with no feature of barter

in it, and a sale anywhere affords a purchasing power which is equally available everywhere. Nor is the disposition, any more than the power of Europe to buy our products, affected in the slightest degree by our buying much or little from that continent. No merchant on the other side of the Atlantic cares where cotton, or wheat, or tobacco, or petroleum, comes from, but buys always what he can buy the cheapest, quality considered, and as to European consumers of those articles, they are probably in most cases as ignorant of their origin, as they are indifferent to it in all cases.

It is, of course, undeniable that to whatever extent we supersede the import of European manufactures by home manufactures, we reduce the general power of Europe to purchase products from this and all other countries. But that neither does nor ought to diminish the desire, that home manufactures may more and more supplant foreign manufactures in our markets. That desire is universal in this country, although there is not an entire agreement of opinion as to the best manner of bringing it about. An impairment of the general purchasing power of Europe is, to be sure, of some disadvantage to us, although it is always uncertain to what extent that purchasing power will be directed towards our products, rather than to the products of other countries. It is only a short time ago that it was popularly believed that we had the substantial monopoly of supplying the world with the cereals. That delusion no longer exists, and to-day the permanency of our supremacy in cotton is believed to be visibly threatened. But while it is thus doubtful how much we may lose by buying more manufactures at home and less abroad, there is no doubt at all about what we shall gain by it. The home manufacturers are within our own tariff lines, and we are sure that the more we trade with them, the more they will trade with us. We have both sides of domestic trade, and that is why it is so much more enriching than foreign trade.

Strangely enough, the persons who deprecate our impairing the purchasing power of Europe by the method of increasing the supply of home manufactures in our own markets, are urging a multiplication of the exports of our manufactures to South America and Asia, which means a supplanting of the exports thither of European manufactures, and with all that that involves in the way of reducing the purchasing power of Europe. If it is good philosophy to help keep up that purchasing power by heavy importations of European manufactures, how can it be good philosophy to reduce that purchasing power by competing with and diminishing the sale of those manufactures in Mexico, the West Indies, South America and Asia?

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The *New York Evening Post* of March 12, 1884, in its exultations over the then recent ratification by the Senate of the Reciprocity

Treaty with Mexico, which is still awaiting the passage by the House of the legislation necessary to put it into operation, said with very great truth and pertinency :

If we are to admit sugar, tobacco, lumber, fibres and fruits of all sorts free of duty from Mexico, there will be small reason for refusing to admit lumber, coal, salt, fish, lime and building stone free from Canada on like conditions of reciprocity.

After referring to the enormous natural capacity of Mexico to produce sugar, and to the certainty that the ultimate effect of the treaty must be to break down the present sugar cultivation in this country, the *Post* added :

There can be no doubt that the legislation necessary to carry the treaty into effect will be passed by the present Congress. Nor can there be any doubt that "protection" has received a stab in the house of its friends. The sugar planters are no inconsiderable part of the high-tariff phalanx, and if they are given over to slaughter, or conceive that they are, by their allies, there will be recruits for Mr. Morrison from the lower Mississippi forthwith.

The necessary legislation was not obtained in the last Congress, nor has it thus far been obtained in the present Congress. In the meantime a new difficulty has arisen in the exposure of the fact that Mexico is preparing to introduce Chinese labor on a great scale, for the purpose of cultivating the plantations which are to produce the sugar which is to be allowed free entry into our markets. That country, now very sparsely populated, and increasing in numbers very slowly, if at all, has been long and naturally looked to as the recipient for that overflow of our own population which will take place at some day, not near, but sure to come. Grave apprehensions are therefore excited by the danger, that a vast immigration of the Chinese into it may now be invited by a cultivation of sugar made suddenly and enormously profitable by extraordinary privileges in our markets, and that this Mongolian invasion, as well by its peculiar characteristics as by its numbers, will effectually close Mexico against the future ingress of our people.

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On the basis of the average of the daily quotations at the New York Stock Exchange during April, the net price, exclusive of accrued interest which the purchaser paid in addition, was 126.137 for Government 4's, and 111.917 for the 4½'s. At these prices the investor in 4's obtained an annual interest of 2.444 per cent. on his money, and on the 4½'s an annual interest of 2.15. The April prices of the 4's and 4½'s are higher than those made in any preceding month, but still higher prices may be expected unless there is some turn in affairs which shall check the present declining tendency of rates of interest.

## THE RELATIONS BETWEEN BANKS AND THEIR DEPOSITORS.\*

In the last number we showed that a bank could act as agent or trustee of a depositor, and when thus acting was bound, like any other agent, by the instructions received from him.

When does this relation, instead of the ordinary one of debtor and creditor, exist? Evidently this must be determined by the conduct of the parties in each case. In an English case (*Bridgman v. Gill*, 24 Beavan 302) two trustees deposited a fund with a banking house, at the same time gave notice that the deposit was a trust fund. The Court declared that, from the heading of the account, as well as from the evidence in the case, the bankers had notice of the true nature of the deposit. The person for whom the trustees acted was indebted to the banking house, and, without authority from the trustees, gave a check on the fund to pay his debt. The banking house having appropriated the money, a bill was brought against the concern by the trustees to recover the money. Vice-Chancellor Wood said that the most remarkable thing was that the defendants should have resisted the relief sought. It was "totally immaterial that the defendants had no notice of what the precise trusts were; all that it was necessary for them to know was, that this was a trust account, and that the fund was held by the plaintiffs as trustees."

The case of the *Bank of Northern Liberties v. Jones* (42 Penn. 536) is quite important, especially for the banking practice described by the Court. For a long time Thomas C. Jones had deposited there in the name of "Thomas C. Jones, agent." A firm, J. & C., sued Jones and garnisheed the bank, by which process it was required to state whether it had any money belonging to him. The bank as garnishees, and the parties whose money, deposited by Jones as agent, had been attached, offered to prove that the deposit consisted of various sums, belonging partly to persons for whom Jones was acting as agent, and partly to an estate of which he was the executor. The Court which first tried the case refused to admit the testimony, but the Supreme Court held otherwise, thus deciding that a deposit made by one as "agent" belongs to his principal, and cannot be taken for an agent's debt. "If there had been separate accounts," said the Court, "each headed as the agency account of such an estate or person, which is certainly the safer mode for all parties, and is perhaps the only really correct one, there could

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have been no doubt that no creditor of the agent could have attached a farthing of either or any of the funds so ear-marked." After maintaining that the evidence should have been admitted, the Court add, "the case, however, illustrates the propriety of opening separate accounts appropriately designated, so that each fund may be distinctly ear-marked, and thus prevent all difficulty in case of death, failure, or any accident destroying the evidence of identity under a general agency account. It is proper to say that such an account as the present, not designating the individuals who are the real owners of the money deposited, should be avoided, both by the bank and its customer, and I am informed by the cashier of one of our oldest banks of large capital in this city, that his institution invariably refuses to open an account with the addition of an "agent" or "attorney" to the proper name of the depositor."

In a controversy between two banks (*Marine Bank v. Fulton Bank*, 2 Wall, 252) over a deposit, the question was, whether their relationship was that of principal and agent, or debtor and creditor. The case was this: The Marine Bank of Chicago addressed a circular to its correspondents, informing them that, in consequence of the derangement then existing in the currency of Illinois, it would be compelled to place all funds received in payment of collections to their credit in such currency as was received in that city—bills of the Illinois stock banks—to be drawn only in similar bills. The Fulton Bank of New York, for which a collection was made, received the notice. At the time of making it the bills were from five to ten per cent. below par, but when the Fulton Bank demanded payment of the collection, a year afterward, the bills had declined fifty per cent. in value. It insisted that it was entitled to the value of the bills at the time they were received by the Chicago bank, while that bank claimed it was not obliged to pay only their value in coin at the time payment was demanded, with interest. Judge Miller, who delivered the opinion of the Court, said that, "if the Marine Bank had received the depreciated money, and kept it without using it until called for, or had sent it by express to the plaintiff it would have been relieved from further liability. In other words, so long as the defendant retained strictly the character of agent, and acted within the principle laid down in the circular, it was protected." But instead of doing this the Marine Bank changed the relation of principal and agent into the ordinary one of debtor and creditor, by using the money as a general deposit. Hence the bank was declared liable for the depreciation in the bank bills received during the period it kept the deposit.

As the Marine Bank was the agent of the other in collecting the note, the question was raised, could it act in any other way than as agent in keeping, using and delivering the money? Could it,



without the consent of the Fulton Bank, change its relation of agent after making the collection to that of debtor, thus treating the Fulton Bank like a general depositor? In reply to this question, the Court said that both parties understood that when the money was collected the Fulton Bank was to have credit with the Marine Bank for the amount of the collection, and that the latter would use the money in its business. Consequently, the Marine Bank was guilty of no wrong in using the money, because it had become its own. It was used by the bank in the same manner that it used the money deposited with it that day by city customers; and the relations between the two banks was the same as that between the Chicago bank and its city depositors. As a bank, therefore, in some cases can change its agency-relation to that of a debtor, it may be an important question sometimes which relation shall be assumed. In the foregoing case, as we have seen, had the Chicago bank continued its agency-relation after making the collection, its liability would have been greatly lessened. Had it kept the money received, its liability would have been discharged whenever it delivered the same to the New York bank. (*Phoenix Bank v. Risley* 111 U. S. 125.)

If a bank pays the checks of an agent without interference of the principal, of course it is protected. But when he asserts his right to the deposit, and gives notice of his ownership and unwillingness for payment to be made to the agent, the right of the latter to draw it ceases. (*Farmers' National Bank v. King*, 57 Pa. St. 202.)

Occasionally a person keeps two accounts with a bank, a private account and a fiduciary one; and sometimes he deposits private and trust money on the same account. Whenever this is done, it has been decided that when against a bank account, designated as one kept by the depositor in a fiduciary character, the bank seeks to assert its lien as a banker for a personal obligation of the depositor, known to have been contracted for his private benefit, it must be held as having notice that the fund represented by the account is not the individual property of the depositor, if it is shown to consist, in whole or in part, of funds held by him in a trust relation. (*National Bank v. Insurance Company*, 104 U. S., 54.) Although the relation between the bank and its depositor is that merely of debtor and creditor, and the balance due on the account is only a debt, yet the question is always open, to whom in equity does it belong? If the money deposited belongs to a third person, and is held by the depositor in a fiduciary capacity, its character is not changed by placing it to his credit in his bank account. Therefore, the third person can recover the money if he can identify it. This applies to all trust property. A court will follow money even if put into a bag or an undistinguishable mass, by taking out the same quantity. Accordingly, when a bank account was opened in the name of a

depositor as "general agent," the bank knowing that he was the general agent of an insurance company, and that the money deposited was principally for premiums on policies collected by him for the company, the bank was declared to be chargeable with notice of the equitable rights of the company, although he deposited other money in the same account, and drew checks on it for his private use.

Mr. Justice Mathews, in delivering the opinion of the court in the above case, referred to *Knatchbull v. Hallett* (13 Ch. D. 696) in which the subject was fully considered. Sir George Jessel, the Master of the Rolls, showed, said Judge Mathews, that the modern doctrine of equity as regards property disposed of by persons in a fiduciary position, is that, whether the disposition of it be rightful or wrongful, the beneficial owner is entitled to the proceeds, whatever be their form, provided only he can identify them. If they cannot be identified by reason of the trust money being mingled with that of the trustee, then the person for whom the trustee is acting is entitled to a charge upon the new investment to the extent money is traceable into it; that there is no distinction between an express agent and an agent, or bailee, or collector of rents, or anybody else in a fiduciary position; and that there is no difference between investments in the purchase of lands, or chattels, or bonds, or loans, or moneys deposited in a bank account.

The same principle has been often applied in this country, but we shall mention only a few cases. The first is a Pennsylvania case (*Farmers and Mechanics' National Bank v. King*, 57 Pa. St. 202), in which a collector of rents deposited moneys of his principal in a bank in his own name, which was attached by a creditor of the depositor, and notice of ownership was given immediately afterward to the principal. It was held that the attaching creditor stood in the position of the depositor. "It is undeniable," said Judge Strong, "that equity will follow a fund through any number of transmutations, and preserve it for the owner so long as it can be identified. And it does not matter in whose name the legal right stands. If money has been converted by a trustee or agent into a note in action, the legal right to it may have been changed, but equity regards the beneficial ownership. It is conceded, for the cases abundantly show it, that when the bank received the deposits it thereby became a debtor to the depositor. The debt might have been paid in answer to his checks, and thus the liability extinguished, in the absence of interference by his principals, to whom the money belonged. But surely it cannot be maintained that when the principals asserted their right to the money before its repayment, and gave notice to the bank of their ownership, and of their unwillingness that the money should be paid to the agent, his right to reclaim it had not ceased."

The second case was determined by the New York Court of Appeals, (*Van Allen v. American National Bank*, 52 N. Y., 1). It was decided that when an agent deposits in a bank to his own account the proceeds of property sold by him for his principal, under instructions thus to keep it, a trust is impressed upon the deposit in favor of the principal, and his right thereto is not affected by the fact that the agent at the same time deposits other moneys belonging to himself; nor is it affected by the fact that the agent, instead of depositing the identical moneys received by him on account of his principal, substitutes other moneys therefor. Said Chief Justice Church, "it was suggested on the argument that notice to the bank by the depositor was necessary to protect the rights of the plaintiff, but this is not so. The title of the plaintiff does not depend upon whether the bank knew he had a title or not. That rested upon other facts. A notice to the bank might have prevented any transfer or the creation of a lien by the depositor, or prevented the bank from taking or acquiring such lien in good faith, but could not otherwise be necessary or important."

The third case is *St. Louis v. Johnson* (5 Dillon Circuit Ct. 241). The city of St. Louis and the Receiver of the National Bank of the State of Missouri respectively claimed a balance in the possession of the Bank of the Republic of New York, which had been deposited there by the Missouri bank, at the request of the city of St. Louis, a depositor, to pay coupons and bonds owing by the city. More fully stated, the practice was for the City Treasurer to draw a check on the Missouri Bank for the amount necessary to be placed in New York to meet the indebtedness of the city there, and endorse the check and deliver it to the bank with written instructions to remit the amount to the New York Bank for the purpose mentioned. Thereupon, the Missouri Bank would remit the amount specified to the New York Bank with written instructions to pay such indebtedness, and to charge the same to the general account of the Missouri Bank, and to cancel and forward the coupons and bonds paid. It should also be added that the Missouri Bank was the depository of the city, and no question was raised concerning the general relation of the bank to the city, which was that of debtor and creditor. But in remitting to New York for the purpose explained, Judge Dillon said that "the bank charged the city with exchange on the amount it thus received, the same as it would have charged if the draft had been for any other customer. It became the agent of the city to transmit the money. The money, when placed in the Bank of the Republic, was, as between the Missouri Bank and the city, the money of the latter. When the agent presented coupons cancelled, this showed that the agent had discharged the duty it had undertaken. It is my judgment that the relation between the Missouri bank and the city, as respects the

money deposited with the Bank of the Republic, was not that of debtor and creditor strictly, but that of principal and agent, with the duties and liabilities of the latter, and not those of the former relation. The moneys deposited by the Missouri Bank in its name with the Bank of the Republic, were, as between the former bank and the city, *trust moneys*, and in equity they belong to the city."

Another case against the Missouri bank, in consequence of its failure, is worth mentioning. It received from Levi, the plaintiff, a bill of exchange "for collection and credit," and accepted from the drawee his check on a third bank for the amount, and surrendered the bill of exchange. On presenting the check, instead of demanding the money thereon, it accepted its certification as good, and suspended the same day, having previously credited Levi with the amount. The day after suspending it collected the certified check. The principal question in the case was, should Levi have the money, or should the receiver of the bank retain it for the creditors. The Court decided that the bank was Levi's agent in collecting the draft, that the agency remained until the money was received on the check, which was after the suspension of the bank, and consequently that it received the money in trust for Levi, and that the receiver had no right to hold it to be distributed ratably among the general creditors of the bank. (*Levi v. National Bank of Missouri*, 5 Dillon, 104.)

*As the ordinary relation existing between bank and depositor is that of debtor and creditor, no action can be maintained by the holder of a check against a depository bank to recover the amount thereof, unless it has signified its willingness to pay the same.* There was a long controversy in the courts before they reached this conclusion. In one of the earlier cases, (*Chapman v. White*, 2 Selden, 412), Judge Gardiner said: "the drawee owes no duty to the holder until the check is presented and accepted." In 1869 the United States Supreme Court rendered an opinion which is regarded as closing the controversy. (*Bank of the Republic v. Millard*, 10 Wall, 152.) Judge Davis said that "there should be no mistake about the status which the holder of a check sustains towards the bank on which it is drawn. It is very clear that he can sue the drawer if payment is refused, but can he also, in such a state of case, sue the bank? It is conceded that the depositor can bring an action for the breach of the contract to honor his checks, and if the holder has a similar right, then the anomaly is presented of a right of action upon one promise for the same thing existing in two distinct persons at the same time. On principle, there can be no foundation for an action on the part of the holder, unless there is a privity of contract between him and the bank. How can there be such a privity when the bank owes no duty and is under no obligation to the holder? The holder takes the check on the credit of the drawer in

the belief that he has funds to meet it, but in no sense can the bank be said to be connected with the transaction. If it were true that there was a privity of contract between the banker and holder when the check was given, the bank would be obliged to pay the check, although the drawer before it was presented had countermanded it, and although other checks, drawn after it was issued, but before payment of it was demanded, had exhausted the funds of the depositor. If such a result should follow the giving of checks, it is easy to see that bankers would be compelled to abandon altogether the business of keeping deposit accounts for their customers. If, then, the bank did not contract with the holder of the check to pay it at the time it was given, how can it be said that it owes any duty to the holder until the check is presented and accepted? The right of the depositor, as was said by an eminent judge, is a chose in action [that is, a right which can be legally maintained], and his check does not transfer the debt, or give a lien upon it to a third person without the assent of the depository. This is a well established principle of law."

Shortly afterward the Supreme Court of Massachusetts considered the same question. (*Carr v. National Security Bank*, 107 Mass., 45.) Judge Gray remarked that "it is a general rule of law that upon a promise made by one person to another for the benefit of a third from whom no consideration moves, the latter cannot sue; and the exception to this rule, which holds a person, in whose hands funds have been placed to pay creditors of the depositor, liable to actions by them, has not been extended in this Commonwealth or in England, to a case in which neither such creditors nor the amounts of their debts are named or ascertained at the date of the promise. The relation between the defendants and the drawer [in this case] was simply the ordinary one of banker and customer, which is a relation of debtor and creditor, not of agent and principal. The bankers agree with their customer to receive his deposits, to account with him for them, to repay them to him on demand, and to honor his checks to the amount for which they are accountable to him when the checks are presented; and for any breach of that agreement they are liable to an action by him. But the money deposited becomes the absolute property of the bankers, impressed with no trust, and which they may dispose of at their pleasure, subject only to their personal obligation to the depositor to pay an equivalent sum upon his demand or order. The right of the bankers to use the money for their own benefit is the very consideration for their promise to the depositor. They make no agreement with the holders of his checks. A check drawn by him in common form, not designating any special fund out of which it is to be paid, nor corresponding to the whole amount due to him from the bankers at the time, is a mere contract between the

drawer and payee, on which, if payable to bearer, and not paid by the drawers, any holder might doubtless sue the drawer, but which possess no title, legal or equitable, to the payee or holder in the moneys previously paid to the bankers by the drawer; and the bankers' promise to the drawer to honor his checks does not render them, while still liable to account with him for the amount of any check as part of his general balance, liable to an action of contract by the holder also, unless they have made a direct promise to the latter, by accepting the check when presented, or otherwise." (*Creveling v. Bloomsbury Bank*, 46 N. J., 255. Many authorities are cited in the opinion of the Court in this case.)

Thus the law is clearly established that the holder of a check cannot maintain an action against the bank on which it is drawn, unless the bank has accepted it. Judge Trunkey remarked in the case of *Saylor v. Bushong* (Pa. St. 23) that "a check may be revoked before presentment by the drawer's death, or by his order not to honor it, but if not revoked it is the duty of the bank to pay on demand. For breach of this duty the drawer has a right of action. If the check has not been revoked by common usage, the holder expects it will be paid on presentment. He may suffer a real injury by refusal, for which he may be without redress, as in case of the drawer becoming insolvent before recourse to him could be effectual. It would seem that the holder ought to have a remedy against the bank for a wrongful refusal of payment arising from an implied promise from the usages of business, or the course of dealing between the parties, and so it has been held. If the bank, in violation of its duty, dishonors a check, the holder may be injured quite as much as the drawer, and the bank ought to be answerable to each party injured by breach of the contract. Prior to acceptance, it is said, there is no privity between the holder and the bank, and, therefore, the holder can not maintain an action."

*But if the bank, expressly or impliedly, promise the drawer to pay the check, the holder may sue if payment be refused.* Thus, where a check was drawn to C, and B indorsed C's name without authority and received the money, the bank having deducted the check from the drawer's account and settled with him on that basis, it was held that the conduct of the bank was an acceptance, and that C could recover from the bank. (*Seventh National Bank v. Cook*, 73 Pa. St. 483.) When a depositor settles his account with the bank, and leaves the exact amount of an outstanding check for its payment, and the bank tacitly retains the money and settles on that basis, it is liable to the holder on the implied acceptance. All parties to the check would naturally infer from such action that the bank retained the money for use of the holder. (*Saylor v. Bushong*, supra.)

*If, however, the maker of a check fail before it is paid, a court of equity will protect the bank on which it is drawn in paying the amount to the owner of the check instead of the assignee.* Whenever a bank has been in doubt who to pay in such cases, it has brought an action called a bill of interpleader to have the question determined by a court. Such an action was brought by the German Savings Institution against Aday & Co., insolvents, to determine whether a check which they had given on the above named bank to Newman & Co. should be paid to them or to Aday & Co.'s assignee. (8 Fed. Rep.) The Court said that if this were an action by a check holder against the bank on the check there could be no recovery. But such was not the case. It was a bill of interpleader in equity, by which the bank holding the fund in question declared its readiness to pay as the Court might order, and the controversy related to the equities of the different claimants of the fund. The rule which protects a bank from being harrassed by suits brought by check holders had no application to the case. "We are at liberty, therefore," continued the Court, "to inquire which of the claimants here has the better right in equity to the fund in question." There are undoubtedly numerous and respectable authorities which sustain the doctrine that the execution of a check in the ordinary form, not describing any particular fund, does not operate as an assignment, equitable or otherwise, of funds of the drawer in the hands of the drawee. On the contrary, it was held by this Court (*Walker v. Siegel*, 2 Cent., L. I., 508) that the rule thus broadly stated seems to apply only to cases at law, and "that such an order, as soon as notice is given to the drawee, works an assignment in equity," and this view is well sustained by authority.

"There is certainly no ground for holding that a check or a draft drawn upon a fund in bank is not an equitable assignment as between the drawer and payee; and in a case where there is no controversy as to the rights of the bank or drawee, it does not lie in the mouth of the drawer or his assignee to say that such an instrument is not an equitable assignment. If it were conceded that, as a general rule, a check drawn upon a part of a fund in bank will not of itself operate as an assignment *pro tanto*, it is very clear to my mind that this is a case which a court of equity might well regard as an exception to any such general rule. As already suggested, the holder of the fund has come voluntarily into a court of equity, bringing the fund with him, and disclaiming all interest in it, asks the Court to dispose of it as between the check holder and the assignee, according to equity."

Not long after the rendering of this decision, Judge Miller, when holding the United States Circuit Court, decided the question in the same manner. (*First National Bank of Cincinnati v. Coates*, 8 Fed. Rep., 540; see further, *Roberts v. Austin*, 26 Iowa, 315 :

*Forgarties v. State Bank*, 12 Rich., 518; *Munn v. Burch*, 25 Ill., 35; *Bank of America v. Indiana Banking Co.*, 114 Ill.\*)

Unhappily, this rule has not been recognized by all the courts. In a Pennsylvania case (*First National Bank v. Gish*, 72 Penn., 13) a check was made on the 27th of March, on the 3d of April the maker failed, and two days afterward the check was presented to the bank on which it was drawn for payment. The Court held that there had been no appropriation of money to the payee, and that the funds in the bank belonging to the maker of the check passed to his assignee. The same rule had previously been laid down in New York in *Lunt v. Bank of North America* (49 Barb., 221). The Court in that case considered the question fully, and decided that a check drawn in the ordinary form, not describing a particular fund, and containing only the usual request to the bank to pay to the order of the payee therein named, was the same in legal effect as an inland bill of exchange, and did not amount to an assignment of the funds of the drawer in the bank. The plaintiff was the assignee of the makers of two checks which were payable to the Bank of North America. When the makers failed notice of the assignment was given to the bank on which the checks were drawn, but the money was paid over, the lower court having decided that it could be legally done. As the Supreme Court reversed this decision, the payees were obliged to refund the money to the assignee. At a later date the cases were reviewed in *Attorney-General v. Continental Life Ins. Co.* (71 N. Y., 325), and the rule laid down in *Lunt v. Bank of North America* was declared to be the settled law of the State. Chief-Justice Church in giving the opinion of the court said: "This doctrine accords with the relations between the parties. Banks are debtors to their customers for the amount of deposits. A check is a request of the the customer to pay the whole or portion of such indebtedness to the bearer, or to the order of the payee. Until presented and accepted, it is inchoate; it vests no title or interest, legal or equitable, in the payee to the fund. Before acceptance the drawer may withdraw his deposit; the bank owes no duty to the holder of a check until it is presented for payment." (*Randolph v. Canby*, 2 N. B. R., 296.) And the same rule prevails in Missouri. (*Dickinson v. Coates*, 79 Missouri, 250). It clearly seems to us that the person whom the depositor intended to pay has a higher claim on the depository than the assignee, whom the depositor had no thought of giving anything at the time of making the check, and therefore that the rule declared by the federal courts and those of Iowa, South Carolina and Illinois ought to be recognized everywhere.

\* In Illinois, however, the holder of a check can sue the bank on which it is drawn for payment.



The latest legal utterance is by the Supreme Court of Wisconsin. In *Pease v. Lauderner* (22 N. W. R., 847), Judge Taylor said: "As between the drawer of a check and the holder thereof for value, the drawing and delivery of the check operates as an equitable assignment of the account or fund upon which it is drawn to the amount of the check, and as a consequence such equitable assignment is binding upon the drawer, and he cannot avoid it except for some good cause. All the learned authors and judges speaking upon the subject say that it is a fraud on the part of the drawer of the check to make the same, when he knows he has no credit or fund to draw upon, and that it is equally a fraud, as between him and the person to whom he gives the check for value, to withdraw the fund or credit before the check is presented for payment. The reason of this rule is that while the debtor cannot be subjected to several actions by several parties to recover one debt due to an assignor who has assigned the debt to several in distinct parts, without his assent, in equity all the parties entitled to the whole debt due from the debtor are before the court, and he is subjected to but one action for the whole debt, and the rights of all the parties are settled in one action. The objection, therefore, to splitting up the claim is obviated, and there is no reason why the several assignees of the debt should not have their rights settled in such equitable action. All parties entitled to any part of the debt due from the bank to the firm, or the receiver of the firm, being before the court, and the bank standing indifferent, and willing to pay to such party or parties as the court shall direct, it seems to us that it would be contrary to a fundamental rule of equity to permit the drawer of the check to prevent the appropriation of the fund in the bank for that purpose, when such act on his part would be a fraud upon the holder of the check."

In Ohio the following case has arisen: A drew his negotiable draft in favor of C, a banker, on B for the exact amount due to him, for the purpose of having C discount the same, which he did, in the usual course of business, and paid the proceeds to A. While the draft was on the way to B for acceptance and payment, he, without any knowledge of its existence, remitted the amount due by certified check on his banker to A, who received it, and deposited the same to his own use. When the draft was presented to B he refused to accept or pay, and it was returned to C. A then made a general assignment, having a bank balance to his credit greater than the amount of his draft. The check was forwarded by his banker for payment, and two days after the assignment was paid by the bank certifying the same. It was held that as between A and C the latter acquired by equitable assignment the right to the amount then in B's hands; that having remitted to A the amount by check, before notice of the draft, which was

afterward paid, was released from the obligation to accept or pay, but the check in the hands of A or his banker, or its proceeds when collected, belonged in equity to C, in the absence of any intervening right, and that he might in an action for equitable relief against the parties have the same applied to the payment of his draft; and that the conversion by A of the check did not defeat his right to the proceeds of the bank when collected, as there was a sufficient balance to pay the same, and no intervening right of the bank and others had attached.

ALBERT S. BOLLES.

[TO BE CONTINUED.]

### ISSUE OF ENGLISH £1 NOTES.

The London *Economist* of February 20, 1886, comments upon a proposition to authorize the issue in England of £50,000,000 of £1 notes, and to retain a reserve of £25,000,000 of gold for their redemption. It admits that this would be the same, in practical effect, as the addition of £25,000,000 in new gold to the currency of England. It correctly argues, however, that such an addition could not, all of it, be permanently retained in the English circulation, but would ultimately be diffused over the whole gold-using world, including England, the distribution of it among different countries being governed by the same principles which control the distribution of the money now in existence. It favors the proposed issue upon the grounds that it would save the wear and tear of gold, and substitute for it an equally effective money costing less than gold, and upon the further ground that "in some degree it would lessen the strain upon the gold supply of the world." It adds:

For these and other reasons, we are completely and very strongly in favor of abolishing the existing prohibition against the issue in England of notes under £5.

Later, in the same article, the *Economist* says that "the expediency of a one pound issue appears now to be generally conceded." It seems, however, to negative the idea of any immediate action by saying that the £1 note issue should not be attempted, except as a part of a general resettlement of currency problems, such as an assimilation of rights of issue as between the Scotch and English banks, a revised determination as to whether the Government or the banks shall have the profits of additional issues, the extent to which the functions of legal tender possessed by the Bank of England notes shall be conferred upon other notes, &c. It is evident that the adoption of a currency system which is to be a new

one in so many of its features, is not to be looked for very speedily, while so many measures of the first importance are crowding each other in a struggle for the attention of the British Parliament. It is the most overworked body in the world, legislating, as it does, for one-fourth of the human race, and pressed, as it is with the most perplexing home questions, and especially in respect to Ireland.

If the interests which control Great Britain really desire an issue of £1 notes, as a means to "lessen the strain upon the gold supplies of the world," and as preferable to any other means within reach, they will hardly agree to any such long and indefinite postponement of action as is suggested by the *Economist*. If they do agree to it, the conclusion will be generally reached that their desire for such an issue is of a very mild and languid type.

Whether Englishmen shall promote their own convenience, and save the wear and tear of gold by handling less gold and more paper, is of little interest to mankind. But, in so far as they have the power, as they undoubtedly have within certain limits, to issue paper which shall take the place of gold and thereby supplement it, it is of great consequence to the world whether they exercise it, and if so, to what extent. What is quite certain is, that they will be controlled in that particular by their own views of their own interests, and the outside world has only to wait and see what they will do.

The particular plan of the £1 notes upon which the London *Economist* comments, was brought forward three or four years ago, by Mr. Fowler, a member of the British Parliament. The recent proposal by Earl Grey of £1 notes redeemable in silver at its gold value, equally accomplishes the object of giving to the English the convenience of handling paper instead of gold, and it does more in the way of supplementing gold, inasmuch as it involves no necessity of locking up any gold at all for their redemption. But the Fowler plan may be more attractive from the fact that, to the extent of £25,000,000, it creates currency out of paper, the cost of which is nominal, and is more than repaid by the loss and destruction of notes in use. If that profit is to be enjoyed by the Government, it will be a considerable public gain, and if it is given to the banks, it will tend to enlist them in support of the scheme. Another ground in the minds of Englishmen for preferring the Fowler plan, is the fact that gold has been their exclusive money for two generations; so that a redemption in silver, even at its gold value, may not satisfy them.

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## COMMERCIAL EXCHANGES.\*

### CHAPTER IV.

#### THEIR PURPOSES AND KINDS.

The Demand for Improved Business Methods—An Exchange a News Gatherer—Settling Differences by Arbitration—Relief to Unfortunate Members—Wise Rules for the Government of Trade—Their Advantages in the Hasty Dispatch of Business—For Inculcating Just and Equitable Principles in Trade—Providing Relief for Widows and Orphans—Commercial Associations Divided into Two Classes—Associations for Promoting Commerce—Associations for Traffic and Speculation—The Modern Exchange; its Influence and Growth—The Splendor of its Achievements—Extracts from the Charters of Some Prominent Boards of Trade and Exchanges—Portion of Mr. Depew's Oration—The Exchange as a Promoter of Morals in Trade.

"IN union is strength." This old proverb tells a volume when it touches the keystone supporting the arch of commercial associations. The economic law upon which society is founded, communities established, states organized, cities built and nations maintained is the one which best describes the purposes and results of modern mercantile institutions. The law of common interest, which teaches us that as we improve the condition of others we increase our own welfare, will explain why each member of an association of merchants receives a personal benefit that he could not gain while depending upon his individual effort.

The methods and measures used in business half a century ago would be found entirely inadequate to-day. The progress in science, art and invention; the marvelous changes in modes of communication and transportation which have come within the last fifty or sixty years have practically rendered the old machinery of commerce impotent and useless. The customs of our fathers will no longer serve us in our business relations.

But the mechanical genius of the merchant, the banker, the ship-owner, the railroad manager, has not been idle. It has been constantly at work devising, planning and inventing. It has kept the machinery of commerce, trade and finance fully abreast of improvement in all other departments. The commercial exchanges, boards of trade and chambers of commerce throughout the United States are the business elements put into operation in response to a demand for improved methods growing out of an advance in other directions. As the volume of business has grown, the products and manufactures of the country increased, and the number of people

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engaged in commerce multiplied, greater certainty in system and rapidity in operation have become essential improvements in business enterprises.

It is unnecessary to enforce this argument with statistics. Reports and histories are teeming with descriptions of the wonderful development of this New World and its mighty strides of progress as a producing and manufacturing country. The increase in the production of about three hundred million bushels of wheat, five million bales of cotton, and four million tons of iron, which has been experienced since the first railroad track was laid in the United States, cannot fail to impress the mind with the country's growth and the need of improved facilities for the purchase and sale of commodities. The home industries of the country have grown proportionately. They now represent a capital of very nearly three thousand millions of dollars, and the materials used in keeping the wheels in operation amount to about three thousand five hundred million dollars. The value of products aggregate five and a half billion dollars, and the number of persons employed are nearly three million.

An important element figuring in the objects of commercial exchanges is the advantage they offer in gathering news of special value to their members. The patrons of a daily newspaper form, in one sense, a commercial exchange. Not one of these patrons for his own accommodation could afford to employ a corps of reporters, and pay for telegraph dispatches from all quarters of the globe; but by concentrating their mites into one channel, they form a body of patrons to a publisher who can not only afford to do this, but who makes a profit in the operation.

In the exchanges are thoroughly managed bureaus of statistical information. At each exchange is reported daily, almost hourly, the condition of the market at all other exchanges. The success of ventures by land or by sea is reduced to a certainty. The cargo shipped from New York to Liverpool is no longer a venture by the merchant upon which he must wait, in anxious suspense, several months before his returns are received and he knows what the result is. But his customer on the other side has purchased the cargo, and the shipper, through the transfer of his bill-of-lading, has received his money before the cargo is safely out of port. It is only through organized bodies upon both sides of the Atlantic that merchants, and almost without capital, are enabled to inaugurate such transactions and enter into such important negotiations with perfect security on both sides. Many thousands of dollars are spent annually by the commercial exchanges for market reports and statistical information. The chief feature of the maritime exchanges is the work of gathering news relating to shipping and maritime affairs.\*

\* An extended description of maritime exchanges is given in another chapter.

Technicalities of law have ever been a dread to the commercial world. The opportunities offered in courts for postponing judgment and prolonging litigation have driven merchants many times to abandon their lawful rights rather than pursue their delinquents through legal tribunals. The practice of courts in postponing decisions is so unlike prompt business methods that merchants have come to look upon legal proceedings as cumbrous, dilatory and dangerous. Unless the amount involved be considerable, or the establishment of some principle in law or equity be desired as a precedent, it is generally considered most prudent to suffer the loss as a choice between two evils.

One of the prime objects for the establishment of commercial associations upon their modern foundations is the adjustment of differences in trade among their members. In these exchanges the members have established their own courts of justice, especially adapted to the needs of improved business methods. These courts are termed Arbitration Committees, and are formed from among the members of the association with which they are connected. They are generally chosen by the Board of Managers. It is the duty of the Arbitration Committee to hear and decide any controversy that may arise between the members of the Association, or between any member and his outside customer, should such customer voluntarily submit to the Committee the question at issue. The rules provide that in submitting to arbitration the member, or any other person, must first sign an instrument agreeing to thus submit the question in controversy, and to abide by the decision of the Committee. In some cases the rules are such that every member is required, upon uniting with the association, to agree to submit all business controversies arising between himself and another member from misunderstandings or other faults occurring within the rooms of the association to the Arbitration Committee, or to a committee of arbitrators made up according to prescribed rules and regulations. Provision is usually made in the charters of the associations for all awards made by arbitrators acting under the rules and by-laws to be entered up in the courts of law, and made binding upon the persons in controversy, the same as if the case had been tried and judgment rendered in the established court for hearing such cases. It is customary for the rules to provide that any award of the Arbitration Committee shall be final and conclusive, and that there shall be no appeal or further stay of judgment to prevent an immediate and hasty conclusion of the controversy.

Next in importance to the system of arbitration in the purposes of these institutions comes their broad and liberal measures for the improvement of commercial practice among their members. One of these measures is found in dealing with those who, through misfortune or mismanagement, fail to meet their contracts. The associa-

tion affords many advantages in instances of this character. It often proves a means of averting commercial failures, and when such failures are inevitable, it offers salutary aid to both debtor and creditor. Should a member find it impossible to meet his obligations he at once notifies the President, Superintendent, or other officers of the association, as may be provided, of his inability. A general notice to all members is then posted in the exchange rooms, and a settlement between the delinquent and his creditors immediately called. All contracts with the member are closed forthwith, and a full and equitable adjustment of his affairs follows. In many associations the rules are lenient, and the members liberal towards unfortunate associates, providing for their reinstatement in the institution without prejudice. The most stringent measures of precaution are taken, however, to guard against the practice of deception. But where a member who fails and voluntarily submits to a rigid examination, and shows conclusively that he has placed his entire resources into the hands of his creditors, he has nothing to fear from want of friends and assistance in his future efforts. In case of the death of any member, his affairs are most carefully adjusted, and his interests in all settlements are as conscientiously looked after as though he were himself present at the settlement.

The rules and by-laws of the various boards and associations are exhaustive in their provisions for the government of members in their business relations. Every detail is carefully provided for, and every contingency anticipated. They treat upon the inspection of commodities dealt in, afford certain and equitable arrangements for establishing grades and qualities, and provide for the exclusion of all irregular, injurious or adulterated articles. As an illustration of the care taken in rules governing inspections, we will give a portion of a paragraph relating to the description of one grade of barreled pork, it says :

"Prime mess pork shall be made of the shoulders and sides of smooth, fat hogs, weighing from 100 to 175 lbs. net, regularly cut into square pieces, as near four pounds each as possible; the shank to be cut off close to the breast. One hundred and ninety (190) pounds of green meat, in the proportion of twenty (20) pieces of shoulder cuts to thirty (30) pieces of side cuts, shall be properly packed in each barrel with not less than twenty (20) pounds of coarse salt of full strength," &c. From this it will be seen how explicit and complete are the rules. And these circumstances are of great importance to merchants. Trading under such rules, if one buys a barrel, or five hundred barrels of "mess pork" or other commodity, he knows precisely what he is to receive. Should any part or parcel of his purchase fall below the standard provided for according to the inspection rules of the exchange, he is afforded a means for a prompt and satisfactory correction of the error through

the Committee of Arbitration, should the seller refuse to comply with a demand for a proper fulfilment of his contract.

Merchants outside of the exchanges must transact their business without the force and advantage of these regulations. In their purchases and sales they have only the vague rules of custom as to grade and quality. If their transactions are of consequence, involving any considerable amount, they must enter into extended agreements embracing the understanding as to grade, quality, quantity, prices, terms, and many "ifs" and "ands" concerning conditions and providing for contingencies. In the exchange the merchant buys a thousand bales of cotton, a hundred tons of iron, five hundred barrels of flour or sugar, any desired quantity of petroleum, butter, cheese, eggs, or a hundred thousand dollars worth of stocks, bonds or other securities, with as much ease and but little more said in stipulating terms or qualities than is necessary in giving an order to his grocer for a parcel of goods, or his baker for a loaf of bread.

To inculcate just and equitable principles in trade is a purpose of commercial exchanges which takes a conspicuous part in their practical aims. The severest penalty an association of this kind can inflict is expulsion. For minor offences a member may be suspended or fined, but for more serious misdemeanors he is expelled. When we consider the importance of membership to one who has acquired it, and has given much time, years, probably, to the establishment of his business in connection with the institution, we can appreciate the value of membership. Nor is expulsion all he suffers. If he be expelled for misconduct in his business relations, he finds himself cut off from his business relations and association with that class wherein lie his best hopes and ambitions. There are several causes which may render a member liable to expulsion, as\*:

"Knowingly and wilfully violating, disobeying or disregarding any by-law or rule.

"Refusing to submit to or abide by any award or decision of any arbitrators, Arbitration Committee, Board of Appeals or Supervisory Committee made and filed under the provisions of the By-Laws.

"For any other misconduct in his relations to the exchange, or any member or members thereof, or for any disreputable or fraudulent transaction with any person not a member of the exchange, of which complaint shall be made by not less than three members of the exchange, either jointly or severally."

These causes may vary in different organizations, but in all it is a cardinal purpose to enforce principles of equity, honesty and fair dealing among the members. It is important that this should form the corner-stone of the edifice for such institutions. Upon no other could they anchor their ark with perfect safety. What one able

\* From By-Laws New York Cotton Exchange.



President has said in eulogy of the association he represented may with propriety be repeated in praise of many others."\*

"This charter this Exchange has acquired from the Legislature of the State is broad and liberal. The chief objects are 'to foster trade, to protect it against unjust and unlawful exactions; to reform abuses; to diffuse accurate and reliable information; to settle differences between members; to promote among them good fellowship and more enlarged and friendly intercourse, and to make provision for the widows and families of deceased members.' The provisions of the by-laws are sufficient to accomplish all these objects, and in the experience of the members of the Exchange all these objects have been reached in numerous instances. Trade has been induced, encouraged and protected; unjust and unlawful exactions have been resisted; great abuses have been swept away; much accurate and useful information has been provided and disseminated; through the Arbitration Committee, whose judgment carries the force of that of the Supreme Court of the State, differences and disputes have been inexpensively settled; and widows and orphans have had occasion to thank God that, in their supreme hour of trial, they have received substantial aid through the Gratuity Fund of the Exchange. The members of this institution banded for such high objects, and considering what has already been attained, ought not to say with the pessimists of old 'that the former days were better than these,' for, in these times, when 'many run to and fro, and knowledge is increased;' when in business relations merchants band together to cultivate and enforce equitable principles, when he who is found unworthy is censured, suspended or expelled; when the moral tone of business is raised; when only the upright merchant is regarded as successful—surely the members of the Exchange may say we do live in the best times; 'the lines are fallen unto us in pleasant places; yea, we have a goodly heritage.' Let the corner-stone, now suspended over its final resting-place, a stone, level, square, weighty, polished, and containing what is instructive and precious, binding the lofty walls together with a firm embrace, be to us a symbol of what should be our character, our grace, our acquirements, intellectual and spiritual, and of the beneficent, charitable embrace we should extend to our fellow members, and those associated with us."

Providing relief for the widows and orphans of deceased members is a worthy object. It is one of the jewels set in the band of purposes which encircle many of these distinguished mercantile fraternities. It is not, however, common to all, nor is the amount of gratuity thus provided uniform in those institutions where the system prevails. Associations with large memberships are able to make the amount of their gratuity larger than those with small.

\* From Address of President George B. Douglass, of New York Mercantile Exchange, on laying the corner-stone of the new Exchange building, Dec. 3, 1884.

The idea is to make it such an amount that the assessments for its maintenance will not be onerous with the members. In some associations the amount paid as a gratuity is uniform with all the members, irrespective of age; in others the amount varies according to the age of the deceased member at the time of his admission to the association. The gratuity ranges all the way from a few hundred dollars in some organizations to ten thousand dollars in others.

It must be borne in mind that the purposes of the institutions are much dependent in their minor details upon the nature of the associations. The objects we have herein reviewed are those of a most common character in the majority of such institutions. The more especial purposes vary with the class of merchants associated together, and their particular line of trade, and these are dependent upon the size and importance of the city in which the exchange is located. In the larger cities the different departments or branches of trade have their respective trade organizations. In the smaller cities the different classes of tradesmen combine in organizing and supporting such an institution.

These commercial institutions in the United States may be classified under the following heads or branches of business:

Stocks, Bonds, etc.,	Lumber,
Produce and Provisions,	Hardware and Building Materials,
Groceries and Dairy Products,	Furniture,
Coffee and Spices,	Leather and Hides,
Sugar and Syrups,	Drugs,
Tobacco,	Real Estate,
Petroleum,	Spirits and Wines,
Metals,	Marine News.

Besides exchanges for the sale of commodities and gathering news as above enumerated there are also many large and well regulated commercial associations organized to encourage and facilitate trade, such, for example, as the American Iron and Steel Association, the National Association of Wool Manufacturers, the United States Potters' Association, the Cotton Manufacturers' Associations, the Hemp and Flax Spinners' and Growers' Association, Shoe and Leather Associations, Lumber Dealers' Associations, Association of Manufacturing Chemists, Association of Silk Manufacturers, Association of Carriage Manufacturers, and Association of Musicians and Music Dealers.

Many of the exchanges and associations are composed partly of producers, as well as dealers and manufacturers. Of this class the New Orleans Sugar Exchange is a notable example. The American Iron and Steel Association includes in its membership iron ore producers, as well as iron and steel manufacturers. The cotton growers, too, are well represented in the exchanges and cotton manufacturers' associations.

In defining the purposes and business interests of these commercial organizations we may consider them of two kinds or classes:

*First*—Associations for promoting the commerce and trade in general, either of the city in which they are located, or of some department of commerce or branch of industry in which their members are directly interested. These provide no means for trade and traffic among their members within the rooms of the association.

*Second*—Associations designed especially and primarily for business transactions among their members within the association, and where actual sales of products, or securities of some kind, take place.

In every city of note in the United States will be found one or more of these commercial institutions. The class first named above are by far the most numerous. It comprises, besides the large number of associations, a partial list of which has been named, the several hundred organizations known commonly as "Boards of Trade." This title, however, is sometimes made use of by the speculative or trading class of associations, as, for example, the Boards of Trade of Chicago, Cleveland, Louisville, and Toledo, which are among the most important commercial exchanges of the country, and compare in the nature of their operations to what in other cities are known as Merchants' Exchanges and Produce Exchanges. The title Chamber of Commerce is also occasionally made use of by the same class of associations. The Chamber of Commerce of Milwaukee is a prominent example of the kind. The speculative class, however, which provide for the actual transaction of business among their members, and have established "call boards" for the purchase and sale of values or commodities, most generally use the term "exchange" as a part of their title, thus:

Produce Exchange, Cotton Exchange, Merchants' Exchange, Metal Exchange, Coffee Exchange, Sugar Exchange, Tobacco Exchange, Petroleum Exchange, Commercial Exchange, Grocers' Exchange, Real Estate Exchange, Drug Exchange, Wine and Spirits Exchange, Stock Exchange, etc.

The exchange, as it is considered to-day, with its "call board," "arbitration committee," its committees on "trade," on "law," on "statistics," on "complaints," on "admissions," on "charities," on "transportation," and its "gratuity fund," is an institution that has come into existence within the last half a century; within the last thirty-five years, we may say. Although the inception of a few organizations of this kind now in existence dates back almost a hundred years, it was not until about 1850 and for the ten years following that much was done in any of the cities towards the organizations of these bodies with constitutional rights and in systematic arrangement under acts of incorporation granted by State Legislatures.

The progress made by these associations, their increasing influence

upon the commerce and transportation of the country, and their rapidly developing prosperity within a quarter of a century, is almost marvelous. Even to-day their importance in the commercial and financial world is but slightly understood outside of their own organizations. The fact that out of the receipts from admissions, dues, fines, etc., a number of them have accumulated immense resources, and have erected magnificent palaces of trade costing from a million to three millions of dollars; and that many others have accumulated capitals ranging from a few thousand to several hundred thousands of dollars, must impress the mind with the wonderful power possessed by these institutions in mercantile, industrial, maritime, and monetary affairs. These astonishing achievements were eloquently pictured by the Hon. Chauncey M. Depew when he said, "The startling splendor of the facts reduces to ordinary experience the wildest imaginings of the Arabian Nights." S. R. HOPKINS.

[TO BE CONTINUED.]

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### THE CULLOM INTER-STATE COMMERCE BILL.

The Senate has again passed the Cullom bill, though somewhat modified from that of last year. It is said that the House will pass the Reagan bill, if any at all, and thus no harmonious legislation will go through both Houses. There are a good many persons in this world who, if failing to get all that they desire, are unwilling to have anything, and Mr. Reagan seems to belong to this class. Sometimes there is reason to refuse to accept a part of a thing if the whole can not be had, but this is rarely the case with respect to legislation. It is always a compromise between opposing opinions, but Mr. Reagan seems to be ignorant or seemingly so of this fact. Now all will admit that however necessary inter-state railroad regulation may be, it is an experiment; and any bill, however wisely framed, will prove of doubtful operation until after a considerable time has elapsed after its introduction. Neither the House nor the Senate bill is supposed to be a perfect measure; either must doubtless go through many modifications before passing the other branch of Congress. Either must be amended largely in the future if becoming a law at any time. In the light of this most familiar experience, why should not Congress begin with the Cullom bill, and if the extension of power prove desirable, this can be readily granted. No one supposes that the bill is a finality. No one wishes to give it that character. Congress, therefore, should not adjourn without perfecting this much-needed legislation, for, be it remembered, it is much needed by railway companies as by the several states and shipping interest.

## IDENTIFICATION OF DISPUTED SIGNATURES.

In a late number of *Science* I find the following article upon the application of composite photography to testing the genuineness of signatures. It is a subject of great intrinsic interest; and, if it can be put to practical use in the ordinary administration of justice, it will be of very great value. The article is as follows: "Dr. Persifor Frazer, of Philadelphia, has recently applied composite photography to testing the genuineness of signatures. He first obtained by composite photography a standard signature, and then he compared this with the signature in dispute. In the case of the composites of the heads on coins, or of portraits, it is tacitly assumed that the variation observed is due to a difference of the subject at different times, or to the different impression which the same subject makes on different artists. In the case of handwriting, however, the will power of the writer attempts to reproduce exactly a certain combination of symbols in the same order as that usually performed; but the accidental physical obstacles or mental influences renders this impossible. *A priori*, it would seem likely that a composite of a larger number of signatures would show an individuality little less distinct than the race, family or pathological characteristics which thus far it has been the aim of those who have used this method to portray. In point of fact, it turns out to be the case; but what was not foreseen is equally true, viz., that the very variations which appear on the plate, either as very faint lines or as blurs, furnish the most valuable aid in determining whether or not two pieces of writing are by the same hand. On examining carefully each letter of a composite made from a large number of signatures, it is found that the variations in writing a letter at different times are confined to certain of its parts, and are not distributed equally over the entire field. Thus not only is there more uniformity in letters and parts of letters which lie close to the line, but in the upper loops, dots and crosses, the tendency in all cases thus far examined is toward variation in one, or at most two directions; and these are restricted more than one would suppose, who regards without critical analysis the writings from which the composites were made. It would be premature at this time to say with what certainty one might tell, after an extensive experience of the use of this sort of analysis, that two writings were or were not by the same hand. But the great gain, after all, is not altogether in the certainty which the method renders possible (though this can not be ignored), but in the fact that it removes the judgment on affairs as delicate and often as important as the identification of handwriting from the possible bias of personal expert opinion, and allows the testimony of the photograph to be weighed by judge and jury like any other testimony. So far as Dr. Frazer has yet been able to observe, it is impossible to write naturally the signature, or even the hand of any other person, without showing numerous discrepancies with the composite plate. The essential requisites to making the plate are of course as many signatures as possible about which there can be no suspicion. In order to make the letters overlap as much as possible, it is sometimes found necessary\* to photograph them at different distances from the camera. It is a curious fact that, when a man is obliged to restrict his whole signature to a space less than that to which he is accustomed, he will insensibly make a change, which is usually a close approximation to a reduced scale."

It is much to be regretted that the cases in which the above described method by composite photography can be used in the identification of disputed signatures, are very few. In order to obtain a "standard signature," a very considerable number of genuine signatures would be indispensably necessary. Upon the principle in ordinary use in determining the weight of observations in physical science, I should suppose that the accuracy of this "standard" would be proportional to the square root of the number of signatures used in forming it. Thus, if twenty-five signatures are used in composing the "standard," the result would be five times as accurate or five times nearer the ideal signature, than any individual signature. From the above statements, which I do not think will be controverted, it is at once apparent that a much larger number of signatures will be necessary in order to make this method of really practical value than are usually available as evidence under existing rules of law. If a large number of signatures were available, in my opinion this method would, in a very limited number of cases, be of the very greatest value, much more so than any other method now in use. Not long since, but before any discussion of this method had come to my notice, I was engaged in a case involving the genuineness of a signature to a note, in which upward of 2,000 genuine checks were, by stipulation of a counsel, available for purposes of comparison. With so many signatures as these, granting that the signature in question was not traced as below described, this method would amount almost to a mathematical demonstration. But in the way of its practical use are many obstacles. It would require so much labor and such careful manipulation that the expense would very likely be so considerable as to prevent its use except in cases involving large sums of money. Again, there is one class of frauds which it would be powerless to detect. I refer to those cases in which the signature is traced from a genuine signature. When a forged signature is made by placing the paper over a genuine one and the outlines traced lightly with a pencil or pen, and then the entire signature re-inked and shaded, the fraud may often be detected by a microscopic examination by a skilled observer. The above method would, in such a case, only serve to authenticate fraud; for having the same outlines as a genuine signature, it would correspond with the standard. In such a case, the ordinary photographic or microscopic method would be vastly superior. The above objection is certainly one of very great weight. Granted that a disputed signature is not traced as above described, in a proper case the method under consideration has much merit. If, however, by ordinary microscopic examination, it appears to have been traced, it is unnecessary and worse than useless. But is it possible to tell whether a signature has been traced as above described? In many, if not most cases, it is. It is very difficult, if not impossible, to follow and smoothly cover with ink so as to prevent the appearance of a genuine signature, a signature which has first been lightly made with pencil or pen. In most cases some trace of the first marking of the outlines will be apparent. I am quite confident of this from experiments made through the co-operation of friends. I was recently engaged in a case in which the marks of the pen tracing the outline could be quite clearly made out in a number of places. In my opinion, then, this method has merit only in those cases of disputed signatures in which a prior microscopic examination enables the observer to state that the signature has not been made by following the outlines of a genuine signature placed under the paper upon which the disputed signature is written. There is, however, another class of cases in which the above objection would not be likely to apply. While it might not be difficult in many cases for a forger to obtain a genuine

signature for purposes of a standard, it would be next to impossible for him to apply the tracing method to the body of a forged instrument. By first making a standard alphabet by the above method, and then comparing with it each letter of the suspected writing, the full value of the method might be had. The labor, however, involved in making these standards would be so great that it is doubtful whether it ever comes into general use, except in cases involving large amounts of money. So that, in general, the question has, in my opinion, more scientific than practical interest.—*Chicago Legal News*.

MARSHALL D. EWELL.

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## THE FIDUCIARY POSITION OF DIRECTORS.

In these days nothing is more common than for a business man to be asked to be a director. Some men are many directors. But few have any distinct notion of the *quantum* of responsibility which, in accepting the post, they take upon their shoulders. They know little more of their position than does the much persecuted body of trustees. In one light, directors are themselves trustees—in another they are not. They are not, for instance, trustees for creditors, and it is only in a qualified sense that, as between shareholders and themselves, directors can be called trustees. For the clearest general statement upon the subject, commend us to that of Lord Justice James, in *Smith v. Anderson*, 43 L. T. Rep. N. S. 329; 15 Ch. Div. at p. 275. "To my mind," he said, "the distinction between a director and a trustee is an essential distinction, founded on the very nature of things. A trustee is a man who is the owner of the property, and deals with it as principal, as owner and as master, subject only to an equitable obligation to account to some persons to whom he stands in the relation of trustee, and who are his *cestuis que trust*. The same individual may fill the office of director and also be a trustee having property, but this is a rare, exceptional and casual circumstance. The office of a director is that of a paid servant of the company. A director never enters into a contract for himself, but he enters into contracts for his principal—that is, for the company of whom he is a director, and for whom he is acting. He can not sue on such contracts or be sued on them, unless he exceeds his authority. That seems to me to be the broad distinction between directors and trustees." It can not then be questioned that the position of directors in an ordinary company is, to a certain extent, fiduciary. But it may be useful to ascertain in what instances the courts have declared them trustees, and in what cases they have been spared that responsibility. Let us take the brighter side of the picture first.

When a trust fund has been lost by the honest mistake of a trustee properly so called, the trustee is bound to replace it. Not so with such a *quasi* trustee as a director. When directors had instituted a mistaken prosecution for libel against the former secretary to a committee of the company, sincerely believing that in doing what they did they were giving effect to the informally expressed but palpable wishes of a large majority of their constituents, whom it was their *prima facie* duty to obey, and acting in good faith without knowledge or suspicion that it would be unlawful for them to seek from the company's funds indemnity for their expenses incurred in the company's service, they were absolved by Vice-Chancellor Wickens from the payment of the costs incurred in their abortive prosecution, but they were forbidden to spend

any more of their company's money in these futile proceedings: *Pickering v. Stephenson*, 26 L. T. Rep. N. S. 608; L. Rep. 14 Eq. 322. Similarly, when directors, who had made themselves liable on their personal guarantee for money advanced to their company by a bank, paid into the company's account at the bank the amount of their qualifying shares so as to relieve themselves of their personal liability to the bank, it was held that the payment, though made only two days before a winding-up petition was presented, was a valid payment on account of the shares. Their payment had done no mischief to the company, for whom alone could the directors be considered in any sense trustees. For the creditors of the company they were certainly not trustees at all. The creditors of a company have certain rights against the company and its members, but they have no greater rights against the directors than against other members of the company. They have only those statutory rights against the members which are given them in the winding up: *Re Wincham Shipbuilding, Boiler, and Salt Company*; *Poole, Jackson, and Whyte's Case*, 38 L. T. Rep. N. S. 659; 9 Ch. Div. 322. Again, a director is not liable for folding his hands and taking no steps to recover for his company a large sum which had been improperly paid as promotion money years before he became a director, but of the payment of which he had full cognizance. This was not a wilful default or misfeasance on his part any more than it would have been on the part of an ordinary trustee; and the duty of a director can by no means be placed so high as that of an ordinary trustee. Directors, as *Jessel, M. R.*, said in the case to which we are alluding (*Re Forest of Dean Coal Mining Company*, 40 L. T. Rep. N. S. 287; 10 Ch. Div. 450), are really commercial men managing a trading company for the benefit of themselves and of all the other shareholders in it. As such they are bound to use fair and reasonable diligence in the management of their company's affairs and to act honestly. But where without fraud and without dishonesty they have omitted to get in a debt due to the company by not suing within time, or because the debtor was solvent at one moment and became insolvent at another, it by no means follows, as a matter of course, as it might in the case of ordinary trustees of trust funds or of a trust debt, that they are to be made liable. As traders they have a discretion as to whether they shall sue their customers, a discretion which is not vested in the trustees of a debt under the settlement. This discretion they may exercise, and if they exercise it with *bona fides* they should go scathless.

Directors, however, being in a fiduciary position, and having a duty to perform toward those who are commonly called their constituents, that is the company and the shareholders, must not make a profit by their trust, or take the benefit of contracts entered into between themselves and the company, being bound to reap no advantage in cases where they are both buyers and sellers. The law on this point was best formulated in the famous case of *Parker v. McKenna*, 31 L. T. Rep. N. S. 739; L. Rep., 10 Ch. 96. There the rule that no agent in the course of his agency, in the matter of his agency, can be allowed to make any profit without the knowledge and consent of his principal, was inexorably applied. Accordingly directors, who had purchased a large number of shares at a premium and afterwards disposed of them at a profit, were held bound to account to their company for the profits made by each of them on the sale of the shares. The bearing of *Re Canadian Oil Works Corporation*; *Hay's Case*, 33 L. T. Rep., N. S. 466; L. Rep. 10 Ch. 593, is the same, only the circumstances were more peculiar, and a director, who had been provided by the vendors with money to buy the shares necessary for his qualification, that money having been just



paid to the vendors by the company, was ordered to refund the sum to the company, and was made a contributory in the winding up in respect of the unpaid shares. So again, where the directors of a company, being also its promoters, purchased land and sold it to the company at an increased price, retained the difference for themselves, part of the purchase money being paid in debenture bonds—a single director who had no hand in, but was fully cognizant of, the purchase, having bought some of the debentures at 25 per cent. of their nominal value, claimed to prove in respect of the debentures in the liquidation of the company, but the claim was quickly disallowed: *Re Imperial Land Company of Marseilles*; *Ex parte Larking*, 4 Ch. Div. 466. Having been in the position of a trustee for shareholders, the director could not, by the purchase of debentures after the insolvency, make a profit out of a transaction which, as such trustee, he ought to have prevented. The plain principle is that, being in a fiduciary position, he is not entitled to say that he will perform his duty toward his constituents' property in a case wherein self interest would be opposed to the proper performance of the duty. But this principle will not extend to other contracts entered into prior to the incorporation of the company. For profits made in respect of them no director can feel any qualms after the decision in *Albion Steel Wire Company v. Martin*, 33 L. T. Rep. N. S. 660; 1 Ch. Div. 580.

The engine most frequently brought to bear upon directors in this connection is section 165 of the Companies Act 1862, under which, "where it appears that any past or present director, manager, official or other liquidator, or any officer of such company, has misapplied or retained in his own hands, or became liable or accountable for any moneys of the company, or been guilty of any misfeasance or breach of trust in relation to the company," he may be compelled by the court to repay any moneys so misapplied or retained, or for which he has become liable or accountable, with interest. This clause, however, creates no new right, but only gives a new remedy. It provides a summary mode of calling directors to account for acts of impropriety for which they are liable to an action. Prove that the director has been guilty of some misconduct by which the company has suffered, and he is liable under the section. But merely acting as directors without having the necessary qualification in shares is not an act of "misfeasance," for a misfeasance must be in the nature of a breach of trust. What the clause aims at is things which an officer of the company may do wrongly by misapplying or retaining in his own hands any moneys of the company, or by which the company's property has been wasted, or the company's credit improperly pledged: *Re Canadian Land Reclaiming and Colonizing Company*; *Coventry and Dixon's Case*, 42 L. T. Rep. N. S. 559; 14 Ch. Div. 660. Such a thing, to take a recent illustration, is the tacit sanction of a payment for preliminary expenses incurred in fraudulently raising the price of the company's shares in the market. The particular director who was taxed with the payment in question had been present and had voted at the meeting when the payment was made, and had made no inquiry as to the purpose of the payment. Accordingly he was held liable under the section to repay the amount to the official liquidator in the winding up: *Re Railway and General Light Improvement Company*; *Marzetti's Case*, 42 L. T. Rep. N. S. 206. Nor again can a director who has advanced money to his company, well knowing that it is in a state of insolvency, press for payment and take a security which in effect, an undue preference of his rights as a creditor. If he wants to be paid under such circumstances, clearly he should resign his office as director before he applies to the company for payment. He can not

press himself to pay himself. He can only exercise pressure by ceasing to be a director; when he has done that he may require the remaining directors to pay him his money and may press them to do so: *Gaslight Improvement Company v. Terrell*, 23 L. T. Rep. N. S. 386; L. Rep. 10 Eq. 168.

Closely analogous to these cases is the further class in which directors have been required to restore sums in consideration of which they have consented to become directors. The same broad principle applies, that a man in a fiduciary position can not retain for himself any benefit or advantage obtained under circumstances. Anything he takes, he takes under circumstances which make him liable, at the option of the *cestuis que trust*, to account either for the value at the time of the present he was receiving, or to account for the thing itself and its proceeds if it has increased in value. He may be called upon to account for the highest value to be attributed to the shares since they have been in his possession. So where a director received from one of the promoters of the company the number of paid-up shares which would qualify him for the directorate, and then took an active part in carrying out a conditional contract for a purchase from the promoters by the company, he was held liable to pay to the liquidator the value of the shares, which were taken to be worth their nominal amount: *Re Caerphilly Colliery Company*; *Pearson's Case*, 37 L. T. Rep. N. S. 244; 4 Ch. Div. 222; on app. 5 Ch. Div. 336. When a director has purchased shares either before or after the agreement between the promoters and the company has been adopted by the whole body of directors, the onus of proving that the purchase was later than the adoption of the agreement lies, strange as it may seem, upon the purchasing director. *Prima facie*, the date of the purchase must be taken to have been prior to the adoption. If the director can disprove this, well and good; if not, the director is receiving a present from the vendor of the excess of the value of the shares over what he actually paid for them—in effect, is taking a bribe which makes it his interest to adopt the agreement, and prevents him from exercising an unbiased judgment on behalf of the company: *Re West Jewell Tin Mining Company*; *Weston's Case*, 40 L. T. Rep. N. S. 43; 10 Ch. Div. 579. The principles which govern these two leading decisions against directors apply with equal cogency in proceedings in an action by the company to recover the value of the shares, as in proceedings under section 165 of the Companies Act, 1862. Interest also at four per cent. may be charged against the defaulting director on the highest value of the shares: *Nant-y-glo Blaina Iron Works Company v. Grove*, 38 L. T. Rep. N. S. 345; 12 Ch. Div. 738.

The latest illustration of the doctrine that a trustee must not receive a present from the promoters to buy shares withal was given by Mr. Justice Kay, just before the long vacation: *Re The Drum Slate Quarry Company Limited*, 53 L. T. Rep. N. S. 250. In that case the director had promised to assist the promoters on the terms of receiving £1,000 to buy a hundred shares in the company, which was the qualification of a director. The director afterwards took part in the negotiations for the purchase by the company of a quarry which partly belonged to the promoters, and in the winding-up which resulted he was held liable to account to the liquidator for the value of the shares, at the value at which they stood at the date when he received the present. The same decision shows that interest at five per cent. (instead of four per cent., as in *Nant-y-glo and Blaina Iron Works Company v. Grove* (*ubi sup.*)) may, in such case, be claimed against such a defaulting director. The claim being for a breach of trust, of course the director can not set up the Statute of Limitations as a valid defense. See as to this the curious

case of *Re Exchange Banking Company*; *Flitcroft's Case*, 46 L. T. Rep. N. S. 474; 48 L. T. Rep. N. S. 86; 21 Ch. Div. 519, where the directors had for several years been in the habit of laying before the meetings of shareholders, reports and balance sheets which were substantially untrue, inasmuch as they included among the assets as good debts, a number of debts which the directors knew to be bad, making it appear that the business had produced profits when in fact it had produced none. It must, however, be remembered that, although where a trustee receives money upon an express trust and wastes it, the Statute of Limitations does not run against the claim of the *cestui que trust*, still where a trustee receives money not belonging to the *cestui que trust*, but which the *cestui que trust* can claim on the ground that the trustee's receipt of it was a fraud upon him, the beneficiary, the statute will run against the claim of the *cestui que trust*, and will begin to run at the moment when he discovers the fraud; *e. g.*, the receipt of a bribe which is given by a debtor of a company to a former director, to induce him to do what he can to obtain favorable terms of compromise for the debtor: *The Metropolitan Bank v. Heiron*, 43 L. T. Rep. N. S. 676; 5 Ex. Div. 319.

Coming now to the responsibilities of which directors have been held to be trustees for their companies, it appears that of the various powers which are given to them they are, in the strictest sense, trustees. Taking those powers in their sequence, it is obvious that directors can only use the power of allotting shares in the spirit of trustees, and must have no ulterior view of profit to themselves. If the shares are allotted by an extraordinary contract, which the trustees can either enforce, or rescind, or alter, so long as it remains in that inchoate state, the trustee can not re-purchase the shares except for the benefit of his principal. He can not purchase them on his own account, and he is intrusted with the duty of allotting all the shares to persons whom he can watch with jealousy and vigilance, determined to do his duty to his company with a single mind: *Parker v. McKenna*, 31 L. T. Rep. N. S. 739; L. Rep. 10 Ch. App. 96. Again, directors must not receive from the promoters of the company any part of the promotion money which is payable to the promoters on the allotment of shares; if they do so, they lay themselves open to the suspicion of paying over the promotion money prematurely, of anticipating the full allotment of shares, in order to enrich themselves. Money which they receive in this fashion must be repaid to the company: *Madrid Bank v. Pelly*, 7 Eq. 442; see also, *Re Madrid Bank*; *Ex parte Williams*, 2 Eq. 216. In the same way directors are trustees for the general body of shareholders of their power of making calls, and they must not use that power for their own benefit, without regard to the interests of the shareholders. Thus in a case where, on the 17th of April, the directors agreed to make a call in order to prevent transfers which were threatened by numerous shareholders on the 18th, one director, wishing to avoid liability, transferred some of his shares to his clerk; on the 20th this transfer was registered, and on the 23d the declaration of the call was formally made—as it appeared that the formal declaration of the call had been postponed in order to assist the transferring director in getting the transfer registered, the registration was held to be void, and the director was adjudged not to have evaded his liability. Lord Justice Giffard could find but one reason why the directors did not make the call on the 17th of April, and the reason was, that their duty and their interests lay in totally opposite directions; “and if persons having to exercise a fiduciary power chose to place themselves in this position, that their interests pull one way while their duty is plainly to do something quite different, and for that reason they

abstain from exercising that power, they must be held to all the same consequences as if that power had been exercised :” *Re National Provincial Marine Insurance Company*; *Gilbert’s Case*, 23 L. T. Rep. N. S. 341; L. Rep. 5 Ch. App. 559.

Upon the same principle, applied to a different duty, directors are trustee of their power to accept payment on shares in anticipation of coming calls. They have no right to pay the money due on their own shares in advance when they mean to apply that money in paying their own fees as directors—a transaction which is in effect simply a transfer of the money from the right hand to the left hand. So, when directors, knowing that their company was in difficulties, said to themselves that they might as well get rid of their liabilities as shareholders, and for that purpose paid in advance all that could become due upon their own shares in the company, immediately utilizing the money thus raised in paying their own fees, they were held to be in no way relieved from the liability on their shares. Their discretion in accepting pre-payment of calls was a discretion which they were bound to exercise in all honesty and fairness: *Re European Central Railway Company*; *Sykes’ Case*, 26 L. T. Rep. N. S. 92; 13 Eq. 255.

In the same way directors are trustees of the power of forfeiting shares: it is their duty to direct a forfeiture when it is for the benefit of all the shareholders, and to refrain from doing so when it is not for their benefit. They are, in so doing, to make use of all the information attainable up to the time when the forfeiture takes place, to guide them in determining whether or not it is for the benefit of the company. See per Romilly, M. R., in *Harris v. The North Devon Railway Company*, 20 Beav. 384. It must always, however, be remembered that directors are limited, strictly limited, by the deeds or articles of association under which their company is constituted. In the absence of previous authority or subsequent concurrence on the part of the shareholders, they can not bind their company in any matter of substance beyond the extent of the powers which the deeds or articles may give them. When these directors having, of course, power to approve transfers of shares, and being threatened with legal proceedings which they were anxious to avert, agreed with the threatening shareholders to transfer their shares on payment to the company of a sum out of which a claim advanced by one of the directors should be satisfied, the whole transaction was upset as *ultra vires* and inconsistent with the duty of the directors, and the shareholders were, despite the transfer, declared contributories in the winding-up of the company: *Re Cameron’s Coalbrook, etc., Railway Company*; *Ex parte Bennett*, 23 L. T. Rep. O. S. 122; 18 Beav. 339; on appeal, 5 De G., M. & G. 284. But if directors borrow money without having been given any power to borrow, so that the company may fairly plead *nunquam indebitatus*, still when the directors repay the sums borrowed to the creditors, they are entitled to be allowed the amounts so repaid, as between them and their company. The directors being trustees, are in that character entitled to indemnity from their *cestuis que trust* against expenses *bona fide* incurred within the limits of their trust. They are in one light agents, and can not bind their company beyond their powers. They are in another light trustees and entitled to be indemnified against expenses *bona fide* incurred by them in the due execution of their trust: *Re German Mining Company*; *Ex parte Chipendale*, 22 L. T. Rep. O. S. 200; 4 De G., M. & G. 19.

It is plain that a director can not be held liable for being defrauded, whatever may be the case with a trustee; to hold him liable would make his position absolutely intolerable. If a fraudulent transaction is carried through without the directors’ knowledge, they cannot be saddled with

the responsibility of it: *Land Credit Company of Ireland v. Lord Fermoy*, 23 L. T. Rep. N. S. 439; L. Rep. Eq. 7; on appeal, 5 Ch. 763. Nor, again, can the directors of a company be held liable for the breach of trust existing between their company and a depositor who had invested his money on a security provided by the company. *A fortiori*, if no trust, but only a contract, existed between company and depositor, the director cannot be held liable as constructive trustees for aiding and abetting in a breach of a trust. Directors can only be held liable if they have aided in bringing about a breach of an actually existing trust. Acting as agents of their company, they are not to be held liable unless they receive and become chargeable with some portion of the trust property, or unless they assist with knowledge in a dishonest and fraudulent design which is being forwarded by others: *Wilson v. Lord Bury*, 44 L. T. Rep. N. S. 454; 5 Q. B. Div. 518.

Enough has been said to show the numerous responsibilities to which the law subjects directors. No undue harshness, however, is shown to them, and if only they act with honesty, and with the care of a *bonus paterfamilias* for the interests of shareholder and company, they need fear no penalty.—*The London Law Times*.

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## LEGAL MISCELLANY.

CLERK MAY BE DISMISSED FOR SPECULATING ON STOCK EXCHANGE.—The following, which we take from the *London Law Times*, should serve as a warning to clerks who speculate in stocks unknown to their employers and against their will:

Clerks and their employers will find much to engage their attention in the judgment of Mr. Justice Grove in *Pearce v. Foster*, 53 L. T. Rep., N. S. 867, as regards the right of dismissal. The plaintiff was engaged as principal clerk of the defendant's firm under a contract whereby the defendants agreed to pay him £2,000 a year for ten years from February, 1882. In August, 1884, they dismissed him from their employment, and declared that they put an end to the agreement, and refused any longer to allow him to act as their principal clerk. This act the defendants by their statement of defense justified on the ground that the plaintiff had been, unknown to the defendants, and still was engaged in carrying on the business of a speculator on the stock exchange, and that knowing it to be against the interest of the defendants to employ, and that they would not employ, a person carrying on such a business, he concealed from the defendants the fact of his being engaged in carrying on such business. No allegation was made by the defendants that the plaintiff had either in any way neglected their business, or defrauded them while in their employ, but the plaintiff admitted in evidence that he had lost by his stock exchange transactions, to the extent of between £6,000 and £7,000. The learned judge, having taken time to consider, stated that the case was to a great extent one *prima impressionis*, and that as far as authorities existed they were conflicting. Thus, in *Read v. Dunsmore*, 9 C. & P. 588, the fact that a carpenter, employed at a gentleman's house, walked after having been forbidden, through certain preserves, was judicially held to justify dismissal; whereas Baron Parke thought it no legal ground for discharging a courier that being told to stop at one hotel he went to another, and was sulky and insolent in manner: *Callo v. Brouncker*, 4 C. & P. 518. Taking into consideration this conflict of judicial opinion, the Court decided, with some apparent hesita-

tion, for the defendants, holding that anything which amounts to moral misconduct is sufficient to justify dismissal of an employe in the position of the plaintiff, and that his proceedings were, looked upon from a business point of view, not only misconduct but conduct seriously calculated to affect the business of his employers. The fact, moreover, that the plaintiff offered upon dismissal to discontinue his speculative dealings upon the stock exchange did not purge the offense, as it was in the option of the plaintiff to accept or refuse the offer. The publicity of this decision, it is to be hoped, will prove of greater efficacy to put an end to speculative dealings by servants than the operation of the domestic rule which prohibits members of the stock exchange from transacting speculative business for clerks in public or private establishments without the knowledge of their employers.

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## LIABILITY OF STOCKHOLDERS.

SUPREME COURT OF NEVADA.

*Thompson v. Reno Savings Bank.*

**CORPORATIONS—CERTIFICATE OF, CAN NOT BE CONTRADICTED.**—The original incorporators of a bank, who, by a certificate made in pursuance of the statute, announce the amount of its capital stock, can not, as against the creditors of the corporation, deny the truth of such certificate.

**SECRET AGREEMENT LIMITING STOCKHOLDERS' LIABILITY.**—Any secret arrangement between a corporation and its stockholders, by which the responsibility of the latter is made less than it appears to be under the articles of incorporation, is void as against creditors.

**CREDITORS' SUIT—STOCKHOLDER CAN NOT SET OFF PERSONAL DEBT.**—In an action by a judgment creditor of an insolvent corporation against a subscriber to the capital stock of the corporation, to recover the amount of the latter's unpaid subscriptions, and to have the same applied to the payment of such judgment, the defendant can not set off a debt due him from the corporation. If such debt be collaterally secured, the defendant can, upon surrendering such security, and paying his unpaid subscriptions, participate in the fund thus occasioned, ratably with the other creditors.

**ACTION MAY BE MAINTAINED AGAINST ONE STOCKHOLDER.**—Such action may be maintained by a judgment creditor, suing on behalf of himself and all others similarly situated, against a single stockholder, without joining the remaining stockholders as parties defendants. If in such action the defendant is required to pay more than his proportionate share of the debts of the corporation, he may, in an action against the remaining stockholders, require them to contribute their fair share.

**BELKNAP, C. J.**—The Reno Savings Bank is a corporation organized under the laws of this State for banking purposes. It was engaged in the business of banking from its organization in the month of April, 1876, until the twenty-fourth day of June, 1880, when it became involved and suspended business. It was then indebted to Thompson and many others, some of whom for convenience assigned their demands to him. Thompson recovered judgment against the bank. An execution issued upon the judgment was returned *nulla bona*, and thereupon Thompson brought this suit in equity against the bank and Lake, averring among other things, the recovery of the judgment, that the bank had no assets subject to execution, that Lake was indebted to the bank in the sum of seventeen thousand five hundred dollars upon his unpaid subscription to its capital stock, and prayed that this amount be

applied to the payment of the judgment. The suit was brought in the first place by Thompson for himself alone. At the commencement of the trial, the complaint was amended so that all other creditors who would contribute to the expense of the suit could come in as parties and seek relief with the plaintiff. A decree was rendered in favor of plaintiff. From the decree and an order overruling a motion for a new trial, this appeal is taken.

The certificate of incorporation of the bank fixes its capital stock at one hundred thousand dollars, divided into one hundred shares of one thousand dollars each. The bank commenced business with the sum of thirty thousand dollars, of which defendant Lake paid seven thousand five hundred dollars. Lake claims that he is not liable because this sum was not paid as a subscription to capital stock, but as a capital upon which the bank was to carry on its business, and avers that it was agreed among those who paid the money, that it should be in full of liability as to them.

The capital stock of a corporation, other than a mining corporation, is the amount of money paid or promised to be paid for the purposes of the corporation. It is a fixed sum, not to be increased or diminished, except in the mode permitted by the statute. This sum the law requires shall be stated in the certificate of incorporation to be filed with the county clerk of the county in which the principal place of business of the corporation is situated, and a copy in the office of the Secretary of State. The purpose of this requirement is obvious.

The shareholders are not, under the Constitution, liable for the debts of the corporation. The capital stock, and especially the unpaid subscriptions thereto, is a trust fund for the benefit of the general creditors. When, therefore, the law requires a public declaration of the amount of the capital upon which a corporation operates, it contemplates a truthful statement, in which the general public dealing with the corporation may confide. The certificate is made for the benefit of the public, not for the corporation or its stockholders. Those who participated in the incorporation of this bank, and by a certificate made in pursuance of the statute, announced the amount of its capital stock, can not, as against the creditors of the corporation, contradict their own certificate. Defendant Lake signed it, was President and one of the directors of the bank, participated in the management of its affairs during the period it was engaged in business, and received dividends upon his investment. He can not now be heard to deny the truth of the certificate which he helped make, and to assert that the capital of the corporation was thirty thousand dollars instead of one hundred thousand dollars. Not only will equity refuse to hear the defense interposed, but the arrangement alleged to have been made is in defiance of the statute under which the bank was incorporated. Sec. 3543 of the Comp. Laws provides: "It shall not be lawful for the directors to divide, withdraw, or in any way pay to the stockholders, or any of them, any part of the capital stock, nor to reduce the amount of the same." Other provisions of the laws upon the subject of corporations permit an increase or diminution of capital stock. Whether the provisions concerning a reduction applies to corporations of the character of defendant it is unnecessary to inquire, since it is not pretended in this case that any reduction was made in compliance with law. The statute requires that any change in the amount of capital stock shall be made at a stockholders' meeting called for that purpose, upon notice, specifying the object of the meeting and the proposed changes, which notice shall be published for eight weeks in a newspaper of the county in which the principal place of business of the corporation is located. Comp. L., Secs. 3401, 3406-8, 3544.

The publicity required in this proceeding is for the purpose, in part at least, of advising the public dealing with the corporation of the proposed change. The requirements of the statute, first, that the publicly recorded certificate of incorporation shall state the amount of the capital stock, and second, that any change in the amount thereof shall only be made after extended public notice, is in direct conflict with the secret contrivance alleged to have been made by Lake and his associates.

The decisions uniformly hold that any secret arrangement between the corporation and its stockholders, by which the responsibility of the latter is made less than it appears to be under the articles of incorporation, is void as against creditors. Thus, in *Allibone v. Hager*, 46 Pa. St. 48, the registered certificate of incorporation showed that a given amount of stock remained unpaid. The defendants, who had prepared the certificate, claimed that the unpaid balance represented stock subscribed for by them as agents of the corporation, to be sold by it when in need of funds. The Court overruled the defense in this language: "But if I comprehend the ground of defense, it seems to be directly in conflict with the act, and in contradiction of the certificate. The act requires the stock to be subscribed for, and by persons who are to become members of the company; and the certificate shows that all the original stock was subscribed by and for the defendants in this suit; whatever might be the law between them and the corporation, as between them and the public, the certificate is conclusive. I can not agree, therefore, with the position that creditors have only the rights and equities of the corporation as against the stockholders. They have the rights which the statute gives; no more and no less. The certificate discloses the extent of the capital stock, and the statute renders all the subscribers to it liable for its payment when creditors call. Were undisclosed arrangements permitted to defeat or control the effect of the certificate, that safeguard would at once become a snare instead of a protection. If capital seeks for immunities, it must take them with such liabilities as are the terms upon which they granted."

In *McHose v. Wheeler*, 45 Pa. St. 40, the certificate was acknowledged and recorded, certifying that one hundred thousand dollars were subscribed as the capital stock of a corporation, and that one quarter of amount had been paid in. The certificate was untrue. Many of the persons named as subscribers had not subscribed, and no money was paid in. The Court held that if a person named in the certificate as a member acted as such, or did not promptly disavow his alleged membership upon discovering the use of his name, by showing that he was not a member, he would be deemed as ratifying the relation as to creditors; that the defendants, who were incorporators, could not set up their own faults and mistakes in their organization as a defense against creditors, and that therefore it was immaterial that no part of the stock had been paid in, although the statute under which the corporation was created required one quarter of the amount to be paid.

Appellant, with others, assumed control of the bank. He must be held to the consequences of this connection. Persons dealing with the bank were assured that its capital was one hundred thousand dollars. The law contemplates that this representation shall be true. Appellant entered into an arrangement by which he appeared to comply with the articles of incorporation. He must perform the obligation which he appeared to assume. If he did not expressly subscribe for stock, the law implies an agreement upon his part to pay his proportionate share. He received one quarter of the profits of the concern when it was apparently prosperous, and is justly decreed to be a subscriber to its



stock to the same extent. Having received the advantages of stock-holdership, he can not escape its responsibilities.

Appellant is a creditor of the bank in a larger sum than the amount of his unpaid subscription, and claims the right to set off his liability with the bank's indebtedness. In *Scammon v. Kimball*, 92 U. S., 366, it was held upon similar facts that set-off could not be allowed. In deciding the case, the court said: "Such an indebtedness (for unpaid shares) constitutes an exception to the rule that, when there are mutual debts, 'one may be set against the other,' as originally provided by act of Parliament; or perhaps it would be more accurate to say that the rule does not apply when it appears that the debts are not in the same right as well as mutual; *United States v. Eckford*, 6 Wall., 488. Courts of equity, following the law, will not allow a set-off of a joint debt against a separate debt, or of a separate debt against a joint debt; nor will such courts allow a set-off of debts accruing in different rights, except under very special circumstances, and when the proofs are clear and the equity is very strong: 2 Story's Eq. Sec. 1437."

The debt which the appellant owes for his unpaid stock is a trust fund which equity will distribute among all the creditors. The proofs show a deficiency in the funds. Each must, therefore, take his dividend *pro rata*. If the set-off were allowed, the appellant would appropriate the entire fund. "If such a defense were entertained," said the Supreme Court of Pennsylvania in *Macungie Sav. Bank v. Bastian*, 12 Ch. L. N., 409, "the effect would be to withdraw from depositors and other creditors of the insolvent bank a portion of the very fund which was specially provided for the common benefit of all alike, and apply it to the sole benefit of the defendant, who, at best, has no better right thereto than other depositors. If every delinquent subscriber to the capital stock could thus pay his subscription, what would become of other depositors and creditors of the insolvent bank? It is not difficult to see what a perversion it would be of the trust fund, and to what gross injustice it would necessarily lead."

The bank's indebtedness to appellant is collaterally secured. The District Court correctly held that appellant must pay the amount of his unpaid subscription and surrender the collateral securities. He could then participate in the fund ratably with the other creditors.

Objection is made for want of proper parties to maintain this suit. It is urged that the other stockholders should be made parties defendant to the end that each shall contribute his proportion to the debt, and, also, that all of the creditors should be united as plaintiffs, so that each may receive his proportion of the fund, and the matter be finally determined in one suit. In a proceeding to wind up and finally settle all of the affairs of the bank, all of the stockholders would be necessary parties defendant. This is not such a proceeding, but one to subject the equitable assets of the bank to the claim of the creditors. If in this proceeding the defendant is required to pay more than his proportionate share of the debts of the bank, he may in an action against the remaining stockholders require them to contribute their fair share.

In *Hatch v. Dana*, 101 U. S., 210, this question was considered. The Court said: "The liability of a subscriber for the capital stock of a company is several and not joint. By his subscription each becomes a several debtor to the company, as much so as if he had given his promissory note for the amount of his subscription. At law, certainly, his subscription may be enforced against him without joinder of other subscribers; and in equity his liability does not cease to be several. A creditor's bill merely subrogates the creditor to the place of the debtor, and garnishes the debt due to the indebted corporation. It does not

change the character of the debt attached or garnished. It may be that, if the object of the bill is to wind up the affairs of this corporation, all the shareholders, at least so far as they can be ascertained, should be made parties, that complete justice may be done by equalizing the burdens, and in order to prevent a multiplicity of suits. But this is no such case. The most that can be said is, that the presence of all the stockholders might be convenient, not that it is necessary. When the only object of a bill is to obtain payment of a judgment against a corporation out of its credits or intangible property—that is, out of its unpaid stock, there is not the same reason for requiring all the stockholders to be made defendants. In such a case no stockholder can be required to pay more than he owes."

In *Marsh v. Burroughs*, 1 Woods, 468, the misjoinder of parties was set up in defense. The Court said: "A judgment creditor, who has exhausted his legal remedy, may pursue in a court of equity any equitable interest, trust or demand of his debtor in whosoever hands it may be; and if the party thus reached has a remedy over against other parties for contribution or indemnity, it will be no defense to the primary suit against him that they are not parties. If a creditor were to be stayed until all such parties could be made to contribute their proportionate shares of the liability he might never get his money." *Ogilvie v. Knox Ins. Co.*, 22 How., 380; *Bartlett v. Drew*, 57 N. Y., 587.

The authorities are somewhat conflicting upon the question as to necessary parties plaintiff in suits of this character. In *Marsh v. Burroughs*, Mr. Justice Bradley said: "It has long been settled that a judgment creditor who has exhausted his legal remedy, by execution returned *nulla bona*, may alone or with judgment creditors file a bill against persons holding property of the debtor which, on account of fraud or the existence of a trust, can not be reached by execution." To the same effect is *Bartlett v. Drew*, 57 N. Y., 587. This ruling goes further than is necessary to uphold the present case. Other cases hold that all persons interested in the subject-matter of the suit must be made parties, so that complete justice may be done and a multiplicity of suits be avoided. An exception to this rule has been uniformly allowed in cases of the character of the present one where there are many persons having a common interest. In such cases, one or more may sue for the benefit of all, and those who come in and establish their claims share with the plaintiff in the benefit of the decree.

The doctrine is thus stated by Chancellor Walworth in *Hallett v. Hallett*, 2 Paige, Ch. 19: "If there are many parties standing in the same situation, as to their rights or claims upon a particular fund, and when the shares of a part can not be determined until the rights of all the others are settled or ascertained, as in the case of creditors of an insolvent estate or residuary legatee, all the parties interested in the fund must in general be brought before the court, so that there may be but one account, and one decree settling the rights of all. And if it appears on the face of the complainant's bill that an account of the whole fund must be taken, and that there are other parties interested in the distribution thereof, to whom the defendants would be bound to bound to render a similar account, the latter may object that all who have a common interest with the complainants are not before the court. In these cases, to remedy the practical inconvenience of making a great number of parties to the suit, and compelling those to litigate who might otherwise make no claim upon the defendants, or the fund in their hands, a method has been devised of permitting the complainants to prosecute in behalf of themselves and all others standing in the same situation who may afterward elect to come in and claim as parties

to the suit, and bear their proportion of the expenses of the litigation." This rule of equity practice was adopted in this State by section 1,077 of the compiled Laws. The provision enacts, among other things, that "when the question is one of common or general interest, of many persons \* \* \* one or more may sue or defend for the benefit of all." See also *McKenzie v. L'Amoureux*, 11 Barb., 516.

The amendment to the complaint heretofore mentioned, by which the other creditors could come in and prosecute the suit with the plaintiff, brought the case within the exception stated. The amendment was made immediately before the trial, but the court, by its decree, allowed the remaining creditors a reasonable time—thirty days from the entry of the decree—within which to prove their claims and share with the plaintiff in the distribution of the trust fund. None came in, but no complaint in this regard has been suggested in behalf of any creditor.

The action of the District Court in this particular is consonant with the equity practice. "The Court will generally, at the hearing, allow a bill which has originally been filed by one individual of a numerous class in his own right, to be amended so as to make such individual sue on behalf of himself and the rest of the class. 1 Daniell's Ch. Pl. and Pr., 245. Nor does it appear that notice to the other creditors was necessary. Thompson, in his treatise on the Liability of Stockholders, says of suits brought by one creditor in behalf of himself and all others who may come in and establish their debts: "This does not mean that the creditor who files the bill is under any obligation to look up all the widely scattered creditors of the corporation, and get their consent to the filing of the bill, or notify them to join him in it." Sec. 351.

The decree and order of the District Court are affirmed.

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#### COST OF FOOD FOR WORKING PEOPLE.

Colonel Carroll D. Wright, Chief of the Massachusetts Bureau of Statistics of Labor, has finished the seventeenth annual report of that department. The most interesting chapter in the report refers to food consumption by the laboring classes. Colonel Wright has endeavored to supply in some measure the information necessary to enable the workingman more intelligently to regulate his expenditures for food. From schedules of dietaries carefully made, with the view of showing what is the most economical and nourishing food, it appears that the French-Canadian laboring man consumes at home three and one-half pounds of food (including milk) per day. But when he comes to Massachusetts and works in a factory, or engages in other manual labor, he consumes five pounds, while other laborers, factory operatives, mechanics, etc., in Massachusetts each consume five and one-fifth pounds of food per day. The food of the French-Canadian at home costs fourteen cents, but in Massachusetts he expends twenty-four cents, while the food of the other Massachusetts laborers costs twenty-five cents a day. In Canada the French-Canadian has one pound of animal food, meat, fish, milk, butter, cheese, eggs, etc. In Massachusetts he has a pound and a half, while his fellow-laborers of other nationalities have two and one-fifth pounds per man per day. There is a corresponding variation in the proportion of animal proteine to the total proteine of the food. The dietaries thus studied all point in one direction, and indicate that in this country a large excess of food is consumed, not only by the well-to-do people, but also by the poor. The excess of food consists mainly of meats and sweetmeats. One of the most interesting and important facts of all is the common practice of the poor to purchase the more expensive food materials, especially meats, when food obtainable at only a fraction of the cost would be equally wholesome and nutritious.

## ECONOMY IN THE USE OF GOLD IN SCOTLAND.

The subject which I have to present to you this evening has been suggested by the discussions, here and elsewhere, on the altered relations of value between gold and other commodities. That the fall in prices in gold-currency countries has been materially aggravated through insufficient supplies of gold, is a proposition, you are aware, for which there is high economical authority, both home and foreign. Yet it is by no means universally accepted. On the contrary, it meets with considerable opposition, and as the issues involved are of the utmost importance, I hope you will bear with me, even although in bringing the subject again under review I should have occasion to mention some facts with which you are already familiar. The general facts have been so frequently recited that it is only necessary now to recall them in the briefest possible manner.

Between 1850 and 1866, the opening years of the gold mining developments in America and Australia, a great and general rise in prices took place. The Index numbers of the well-known tables published by the *Economist* newspaper, in their annual "Commercial History and Review," which embrace the prices of twenty-two leading commodities, showed within that period a rise from 2,200 to 3,564, or 62 per cent. in sixteen years. This, at least, showed a movement to be in progress of great magnitude and importance. From 1866 to 1873 there was, on the whole, a descent in prices, which brought down the Index numbers of the latter year to 2,947, a fall of 17 per cent. In 1879 the figures had further fallen to 2,202, being close upon those of 1850. Since then, after a slight rise, they descended in January, 1885, to 2,098, a point 5 per cent. lower than those of the period preceding the gold discoveries. Now, no one pretends that these Index numbers present anything more than a very general indication of the course of prices. As a test, they are admittedly imperfect, in respect that they deal with only a limited number of commodities, and erroneously accord equal importance to each one of them. Still, the tables so constructed have long been recognized as serving a useful purpose in directing attention to a movement in its general aspect, and in inviting examination into details. When these are examined it appears that, of the twenty-two selected commodities, no fewer than sixteen had fallen in 1885 below the prices of 1845-50; two were almost on a par, and only four, viz., tobacco, indigo, butcher's meat, and leather, had advanced, so that it is reasonably maintained that the evidence is sufficient to show that in January, 1885, we had, on the whole, returned to prices lower than those of the period immediately preceding 1850.\*

Now, in 1879 it was suggested, in a paper read before the Statistical Society, by Mr. Robert Giffen, that the fall in prices, already become so serious, was not altogether owing to ordinary causes. He pointed out that two influences were in operation which were new, and which, in all probability, would seriously affect the prices of the future. These were,

\* By the courtesy of the editor of the *Economist*, I have been furnished in advance with the Index Nos., made up as at 1st January, 1886. These show, in the aggregate, a further slight descent in prices during the past year, the figures being 2,023, as against 2,098 on January 1st, 1885. The four commodities named above continue still above the prices of 1845-50; but the most important of them, butcher's meat, has fallen during the year from 122 to 106. The general argument in the text in regard to depression of prices thus receives further support from the Index Nos. of the past year.

first, the withdrawal of gold by Germany and the United States for the purpose of coinage, a proceeding which had so pressed on the available stocks of gold as to aggravate the tendency to lower prices which had set in after 1866. Besides this influence, arising directly from the adoption of a gold coinage by new countries, Mr. Giffen pointed out, secondly, that another and "more subtle cause was also at work in the actual insufficiency of the current supply of gold for the current demands of gold-using countries." Following up this last suggestion, it was pointed out that if it proved to be well founded, the usual rebound from depressed prices, the expectation of which was justified by past experience, would probably not take place, and that, on the contrary, we might have to face a farther descent in prices in the future. The opinion was also expressed, on the hypothesis of inadequate supplies of gold, that, "on the whole, there seems no other outlet from the situation than in the gradual adjustment of prices to the relatively smaller supply of gold which must result from the increasing numbers and wealth of the populations of the gold-using countries."

These opinions, set forth by so weighty an authority, naturally attracted much attention, and in April, 1883, they were brought under the notice of the Institute by Mr. Göschel in a powerful address, which must still be in the recollection of the member. Both of these eminent economists were most cautious in the statement of their case, and carefully avoided the prophetic vein, but it is impossible now, after the additional experience of three years of farther depression in prices, not to recognize that their diagnosis of the facts available to them was well made, and that their words of warning have been so far justified by subsequent experience.

But, although there is, perhaps, little difference of opinion now as to the fact that prices generally in gold-using countries have fallen—in other words that gold has acquired an increased purchasing power—there is considerable diversity of opinion as to the cause which has led to this. By other authorities it is held that the deficiency of gold is a delusion. They point to the fact that all the great banks in Europe have increased their usual stocks, and in the United States there has been accumulated in the Treasury and banks over £100,000,000; they say that the supply of the precious metals can have no perceptible effect on prices, and that there is nothing abnormal in our recent experience. The rise of prices, after 1850, was chiefly attributable to the nation having then entered on a new era of war. We had our own wars in 1854 to 1856, and again, in 1857, followed by others on the Continent of Europe, and the great Civil War in America, all tending to the destruction of property, and the increased cost of production, and amply accounting it is said, for the rise in prices which culminated in 1866.

The fall in prices, on the other hand, which became serious after 1873, arose from the return to the arts of peace, leading in all the industries to diminished cost of production, and to greater economy in the methods of distribution. Take, for example, the important article wheat, which has fallen, to all appearance, permanently, to a range of prices far below those current 10 or 15 years ago. This, it is said, is owing to the opening up of new countries, such as India, by railways, and the consequent new facilities for sending wheat from the interior to the sea-board, whereby wheat-growing districts of vast extent have for the first time been brought into easy communication with the great industrial population of Western Europe. So, also, in the manufacture of sugar, new discoveries in chemistry, and improved appliances in the beehneries, have revolutionized the trade by making beetroot a formidable rival to the cane, whereby the price of sugar has been reduced by 50 per cent.

The fall in the prices of most other commodities presents the same features in a greater or less degree. Not only are new countries being opened up by railways, but the transit of the seas is effected by means of steamers sailed at higher speed and at half the cost of former times. Added to this the electric telegraph plays an important part in the general economy by bringing the consumer and producer, the debtor and the creditor, into instant communication with one another, whereby *time*, an important element in all transactions, is saved, and the necessity for maintaining heavy stocks of goods is greatly modified. These are facts that cannot be gainsaid. They all tend in the direction of diminished cost, and speaking generally, it must, therefore be admitted that, apart altogether from any question affecting gold, the new supplies come to market at lower cost than formerly, and that thus the value of the old stocks of commodities has been necessarily reduced.

What, then, is the answer to this on the other side? The answer is, that the question in dispute is not whether prices of "other commodities" have fallen, which is admitted, but whether the fall has been aggravated by the increased value of gold. If it be true that variations in the supply of the precious metals create no effect on prices, it must be true not only of gold in gold-currency countries, but also of silver in silver-currency countries, provided that there be free coinage of the standard metal at the mints, as is the case for example, in England and in India, but in England, prices measured in gold have admittedly fallen heavily, while in India, prices measured in silver have continued at the old level.

In a paper read before the Society of Arts in February, 1882, Mr. J. M. Maclean, now M. P. for Oldham, who spoke with minute knowledge of the subject, stated that "if the increased profits on the sea-borne trade had been counterbalanced by a simultaneous rise in prices of commodities used in the internal trade of the country (India), in consequence of a falling off in the purchasing power of the rupee, we might be puzzled to say whether the interests of India had gained or lost, on the whole by the depreciation of silver, all authorities, however, are at one on this point, that only the international value of the rupee has been affected, and *that its value, as measured by the quantity of the common food of the people which it will exchange for in India, remains as high as it was ten years ago.*" In the debate which followed, this statement was accepted as sound, and was expressly confirmed by Sir Richard Temple, Mr. Martin Wood, and others. From this it seems necessarily to follow that in India the increased supply of their standard metal served to maintain prices at the old level, notwithstanding the general tendency towards cheaper cost of production; while in England, where the supply of the standard metal has been diminished, an opposite influence on prices was in operation, and so the fall in prices must thereby have been aggravated.

No diminished cost in production of "other commodities" will account for this divergence of price when measured respectively in gold and silver. It can only be explained by influences affecting the precious metals themselves. Had the gold mines continued to yield their old returns of £30,000,000 per annum, and had the old gold-using countries been left in undisturbed enjoyment of these great receipts, the reduction in the value of gold might then have kept pace with the reduced cost of other commodities, and the old level of prices thereby have been maintained. But the reverse of this has befallen us. The supplies have dwindled from over 30 millions to under 20 millions of pounds, and new demands on the stocks of gold for purposes of coinage have been sprung upon us by countries hitherto content with silver.

The case then of those who maintain that the fall in prices has been aggravated by the increased value of gold, appears to be fully made out, and it only remains to enquire how far this disturbance has the appearance of being permanent, and is of such importance as to call for National consideration. To me it appears that in all probability we have not yet realised in practice the full meaning of "the increased purchasing power of gold." In mercantile circles it has been brought home to those interested with considerable promptness, because a merchant's term of credit is usually short, and his engagements quickly mature. But in a country like this, where pecuniary engagements of a permanent kind pervade the whole of our economical system, the increased purchasing power of gold means in many cases a real, and often an overwhelming, aggravation of permanent debt, considered in relation to the depreciated value of property. Who can say we have seen the full effect of this disturbance on the landed interests? The tenant farmer has suffered through the diminished value both of his stock and of the yearly produce of the land, and so is driven to sue for reduction of his rent. The landlord finds himself little able to resist the claim, and yet burdened as he often is with mortgages and jointures, from which no abatement can be procured, his position is one of peculiar difficulty. Is it too much to say that this description applies, in greater or less degree, to every county in the United Kingdom, and that the full effect of the silent revolution arising out of the altered relations between gold and other commodities has not yet been made apparent? No doubt some relief ought, in time, to be got through the readjustment of wages on the basis of the lower prices, but progress in this direction is slow, and is likely to be accompanied by contests involving loss to all concerned.

These are the argument on the one side and the other, as they present themselves to me, and the impression they convey is that not only is the case for the increased value of gold made out but that, failing the institution of what Mr. Göschen has called "counter-economies," it must be regarded as a permanent influence, tending, on the whole, in view of the National increase in wealth and population, to still lower prices in the future. Nor will it do to say that England is so wealthy that she can afford better than other nations to disregard the altered and steadily increasing value of her standard metal. The reverse of this is the case. In a poor and primitive country, where everyone trades on his own small means, such an incident would be of little or no account. It is the rich country, with complex financial relations among its people, which chiefly suffers, and the suffering is likely to be in accordance with the extent to which credit and the relations of borrower and lender have been developed. In this regard there is certainly no European country to compare with England, and there is none, therefore, which is likely to suffer to the same extent from any change affecting the stability of the standard of value.

[TO BE CONCLUDED IN OUR NEXT NUMBER.]

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DANIEL WEBSTER AS A CREDITOR.—Webster once wrote, after continued provocation, to the editor of a newspaper which referred to his private affairs, and especially to his not paying his debts. He said substantially: "It is true that I have not always paid my debts punctually, and that I owe money. One cause of this is that I have not pressed those who owe me. As an instance of this, I inclose your father's note made to me thirty years ago, for money loaned him to educate his boys."

## BOOK NOTICES.

*The Country Banker: His Clients, Cares and Work.* By GEORGE RAE.  
New York: Charles Scribner's Sons. 1886.

When the first English edition of this work appeared, it was noticed in our pages. Since then four other editions have been published in England, and the work ought to have a wide reading in this country. The book has the great merit of simplicity. Most persons like the author, who is a veteran in the banking business, assume too much knowledge on the part of the reader, or rather, take no thought of many matters which are needful to be explained to the less informed. This is one of the worst faults too often of books written by such men. This book happily is an exception. The author explains all the varieties of credit based on different securities, and clearly explains what are good and what are bad. One of the interesting chapters is entitled "Kite Flying." Every genuine bill of exchange ought to be the presentment and voucher of a mercantile or trading transaction which has actually passed between the parties to the instrument, "but there are bills manufactured apparently against values received which never had any existence." Generally two individuals or two firms in the same line of business, both needy, make this kind of paper, and by a financial hocus-pocus float themselves on this assumed capital. In nine cases out of ten insolvency is sure to come about. It is by no means easy to detect "kite flying," for the methods of trading on a bank's capital are as ingenious as they are numerous. Mr. Rae writes: "More than once during the current half century, bills have been drawn by certain large houses of the period on each other against merchandise purporting to be on the way either to England or to English houses abroad, to the extent of millions, merchandise which had no existence beyond its fraudulent inscription in the face of fictitious bills." The author seems inclined to believe that "kite flying" is practiced to-day to a large extent in England. "The intense competition for so-called high-class paper among London and other banks and discount houses is still such as to enable any astute and speculative firm to have discount facilities in half a dozen different quarters at the same time."

Treating of large accounts, and the demands made by the depositors of such an account, Mr. Rae says that these always bring their proportionate risks. A hundred thousand dollars loaned even on security to one person carries more risk with it than the same amount loaned to a hundred men. Petty failures are as nothing "when compared with the smashing up of your big customer." It is the rattle of muskets "to the explosion of a shell." A bank suffers little loss when it is less than a thousand dollars, but when the hundreds of thousands go then matters look blue. Much depends in a bank on the Directors. Managers or Presidents must remain attentive to the duties of the bank. As it is supposable that the Directors are in business, and in active communication with the world outside, this relationship should acquaint them with the standing of their customers. "Directors who do not direct" are very common, and fully 75 per cent. of the financial disasters occurring to



banks arises from their disinclination or indifference to attend to their important trusts. The rights and duties of shareholders Mr. Rae fully explains. In times of panic it is the duty of the shareholder to stand by his bank and help it all he can. If his own house was on fire ought he not to try and put out the flames? When times are bad and trouble comes shareholders sometimes force their stock on the market and "get out" at any price, thereby impairing the credit of the bank. Men are like sheep, and when one takes fright the scare is general. "By forcing a sale of stock in the midst of a money crisis [the stockholders] may render a catastrophe certain which is as yet only in apprehension."

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*The Railways and the Republic.* By JAMES F. HUDSON. New York: Harper & Brothers. 1886.

This is intended as a popular description of our railroads, and especially a setting forth of the chief evils pertaining to railroad construction and management. The book is a pretty severe castigation of methods and men; and is interesting reading, whatever may be thought of the author's opinions. Railroad management is one of the most dismal stories in our wonderful industrial history, and a great deal has been written about it; indeed, we are not sure as Mr. Hudson has done much more than to put into a more complete form the criticisms and exposures contained in the newspapers, magazines and public investigations of the last dozen years. On the other hand, he has not shown their utility to the country, or indicated what our industrial development would have been without them. The book brings forward several of the remedies which have been proposed from time to time to cure various evils, among others the separation of the business of building and maintaining a railroad from that of carrying. "Having built the railway, it is but just that the corporation should hold the easement in the tracks and right of way, and the franchise to take uniform and reasonable tolls. But there is nothing in the nature of the business to require that only a single common carrier shall engage in the business of running engines and cars over the track, with the power to levy prohibitive rates, or to establish unequal privileges in its use. This business should be open as freely to every man on the railways as it is on other highways, whether canals, turnpikes, or navigable rivers, subject in this case, as in the others, to all regulations which, in the nature of the highway, are necessary for public security and efficiency." The book will serve a good purpose to those who wish to get some general notions concerning railroad management and the remedies for existing evils. The subject is one of vast importance, and doubtless the book will be gladly welcomed by many. So long as it is regarded as only a representation in part of the facts and opinions it can be read with profit by those who do not know much about our railroads.

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*English Practical Banking.* By THOMAS BOUCHIER MOXSON. London: John Heywood. 1886.

The larger portion of this excellent work has already been reprinted in our Magazine. We know that many of our readers were interested in it, and this, with Mr. Rae's book, which has just been reprinted here, are valuable additions to our scanty banking literature. The sale of the few works now existing shows the need of them, and we hope that their success will stimulate

their authors and others to enrich the field. To both of these gentlemen especially we tender our hearty congratulations for the appreciation which has attended their undertakings.

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*Seventeenth Annual Report of the Bureau of Statistics of Labor of Massachusetts.  
Eighth Annual Report of the Bureau of Statistics and Industries of  
New Jersey. 1886.*

The Massachusetts Bureau, under the wise direction of Col. Wright, has done such useful work that one State after another has been moved to do the same thing, until a very considerable number of them are now collecting statistics relating to labor. Of course it is too much to expect that all these efforts will be at first equally successful. A peculiar ability is required for this work—knowledge of the subject and tact in making investigations. Mr. Bishop, the Chief of the New Jersey Bureau, has performed his task well, and so have the heads of the Bureaus in Illinois, New York and Connecticut, Ohio, and some of the other States. The importance of the labor question is becoming strongly impressed on every thinking person, and especially in this country where the people rule, and the executive power is so weak. These two facts surround the problem here with grave conditions which do not exist, or not in the same degree, elsewhere. All the light possible is needful to understand and carry forward the settlement of the question, and these labor bureaus are doing a work, the importance of which can hardly be exaggerated. As their opportunities widen, as more skillful men are selected to manage them, as they are freed from political intrigue, their influences will become more apparent. Elsewhere we have given some of the results of Col. Wright's work during the last year.

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*Division of Railway Expenses and Earnings and the Limitation of Accounts  
in Connection Therewith. By MARSHALL M. KIRKMAN Chicago: 1886.*

Mr. Kirkman is one of the very few writers on railroad matters who understands what he is doing. He says in his preface that "the question as to how far the operating expenses of a railroad may be classified, or divided, is one that continually arises in connection with the demand for specific information as to the cost of doing business." The limitations of accounts in this direction he has had frequent occasion to demonstrate, and the matter is now put in permanent form for the convenience and information of all concerned. Portions of this work could be read with great profit by those cheap railroad critics who know nothing about the thing criticised. For example, he says, that "it is owing largely to the imperfect method of keeping the account of railway expenses and the dissemination of false information in consequence thereof, that much of the misunderstanding in regard to the capitalization of these properties has arisen. Upon a minute examination, we discover that many charges under the head of operating expenses do not belong there at all, but should be charged to construction as a part of the permanent plant. This is brought about in several ways; sometimes from the conservatism of managers and owners anxious to improve their property without increasing its obligations, and more desirous of bettering outstanding obligations than of incurring new ones. . . . While it is our habit to look upon railroads in operation as finished, these properties, as a matter of fact,

are never completed. Hence, improvements are constantly going on, which render a railroad more valuable, and which therefore may be capitalized with just as much reason as the first expenditures."

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*The Great Metallic Powers.* By HENRI CERNUSCHI. London. 1886.

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*Text-Book of Bi-Metallism.* By GUILFORD L. MOLESWORTH. London and New York: E. & F. N. Spon. 1886.

In his preface Mr. Molesworth says: "I have endeavored to lay before the reader the principles and practice of bi-metallism, and the disastrous consequences of a departure from it. The great reaction that has taken place in favor of bi-metallism since the Monetary Conference of 1867, and the numerous converts that have been made from the ranks of mono-metallism to those of bi-metallism, induce the hope that the time is not far distant when International legislation will put an end to a state of affairs which is a disgrace to the civilization of the nineteenth century. The attitude of England in this matter is illogical and unworthy of a great nation. She recognizes the necessity for the re-habilitation of silver, and practically admits the efficacy of bi-metallism as a remedy. She engages to allow one-fifth of the metallic reserve in the Bank of England to consist of silver, on condition only of the formation of a bi-metallic league, which, however, she refuses to join. She desires to place on the shoulders of other States the onus which she has not the courage to take upon her own."

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*Statistics of the American and Foreign Iron Trades for 1885.* By JAMES M. SWANK, General Manager of the American Iron and Steel Association, Philadelphia: 1886.

This annual statistical report of the American Iron and Steel Association has attained a high standing for accuracy and completeness among our annual statistical publications. The one before us is a report and review of the iron trade for 1885 and the first four months of 1886. The Spring trade of 1885, it is said, was light, with a widespread feeling that it was inexpedient to purchase any material in advance of actual requirements. The demand increased gradually, however, for iron as well as steel rails, the market for the latter being stimulated by the decision of the manufacturers to cease their ruinous competition. At the close of the year the prospects of an active trade in 1886 were bright. "Congress was in session, however," the report says, "and the display of hostility to American interests made in the House of Representatives early in 1886 was disquieting and undoubtedly had an unfavorable effect upon business. About the same time strikes of considerable magnitude occurred in many parts of the country, which further interfered with business of all kinds and excited apprehension of still graver trouble." At the close of 1886 only 9 per cent. of the year's production was unsold, against 13 per cent. at the close of 1884. The production of all kinds of rails in the United States in 1885 fell only 50,636 net tons below the production of 1884, having been 1,094,215 net tons in the former year, against 1,144,851 tons in the latter year, but it was the smallest production of rails in any year since 1878, when 882,685 net tons were rolled. The decline in the production of rails, which has been continuous since 1881, has, however, been

checked, the demand having greatly increased in recent months. The year was one of unprecedented activity in the erection of Bessemer steel works, the number completed being 28, with eight more in course of erection.

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*Unwise Laws: A Consideration of the Operations of a Protective Tariff upon Industry, Commerce and Society.* By LEWIS H. BLAIR. New York and London: G. P. Putnam's Sons. 1886.

The author says that he is a merchant whose calling has lead him to look on both sides of his business, and who regards himself as capable of looking impartially on all sides of the question of a protective tariff. "Having done this, he hopes that his effort, while not equal to an incandescent lamp, is yet clear enough and strong enough to penetrate and scatter the mists that have been purposely thrown by designing men around the subject of protection, and to lead his readers to his own conclusion," which is that all taxes should be levied exclusively for the benefit of the government. The book is "intended for plain, sensible people who have no time nor taste for elaborate disquisitions on the tariff, but who, nevertheless, would be glad to know something about the subject, provided it is presented in a manner congenial to their methods of thought."

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*Thirty-Seventh Annual Report of Pork Packing in the West and Elsewhere in the United States, accompanied with Provision and Grain Trade Statistics, for the Year ending March 31, 1886.* By CHARLES B. MURRAY, Editor of the *Cincinnati Price Current*, Cincinnati, 1886.

The report embraces a review for the year and complete statistics of pork packing, accompanied with exhibits relating to movement, values and stocks of hog product; production, consumption, exports and market values of grain, etc., with comparisons, and many other features of general interest—in all, presenting much information valuable for consultation and reference by business men. No similar work is published. As a comprehensive statistical work it is frequently and largely consulted, throughout the year, by a very large number of business men. It is one of our most valuable statistical publications. Its worth is well known by those who have had most occasion to use it during the long period since it first appeared.

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*Goodholme's Domestic Cyclopadia of Practical Information.* Edited by TODD S. GOODHOLME. New York: C. A. Montgomery & Co. 1885.

This is a royal octavo volume containing a large amount of practical information, especially on household matters. More than a thousand cooking recipes are given, and decoration, furniture, lighting, warming and ventilation, drainage, carpets, clothing, household management, family medicine, weights and measures, gardening, accidents, food in its physiological aspects, are matters which furnish a hint of the nature and scope of the work. It is well printed and bound, and for those especially who can not purchase the larger encyclopædias it will prove of great worth. Nor do even the larger encyclopædias supplant this work, for many subjects are treated here which are not in other works; besides, the more condensed form of treatment will please those persons better who have not the time or inclination to pursue any research at considerable length.

## A FAITHFUL AND EFFICIENT OFFICER.

Robert Mickle, Cashier of the National Union Bank of Maryland, Baltimore, the Nestor of American Cashiers, was buried on the 12th of May, at the age of 83 years, after a continuous service of 67 years.

In the history and character of this good man there were so many admirable traits, and his memory is so fragrant in the hearts of the survivors in two full generations of business and familiar associates, that it may not be deemed out of place to give to the readers of the *Banker's Magazine* a brief story of his career and of the qualities for which he was distinguished. The chief of these qualities was evenness of temper. From the day when, in 1819, he became Discount Clerk in the bank, to the day when, from an accident, he laid down the cares of the Cashier's office, it is doubtful if he permitted his temper to get the better of him. He had masterful self-control and wonderful self-respect. He was patient and courteous, painstaking and assiduous, methodical and careful. No *boy-clerk* was ever rebuffed by him, no *man-merchant* ever received from him an unkind word. He was tender and sympathetic in his nature, and the writer of this, who held service with him thirty years ago, now gladly recalls many instances in which Mr. Mickle said to him, on being obliged to decline to yield to the solicitations of an applicant for a loan, when his voice would become gentle as if his heart were in his mouth as he would say, "I wish I could help him." How many there are who are grateful to him for well-timed help in their neediest hours will never be known. No one ever doubted his motives in refusing. Above all these, Mr. Editor, "he vaunted not himself, was not puffed up." He remembered, as Cashier, that he had once been a Clerk, and though filled with a dignity which repelled undue familiarity, no one has ever said that he had grown greater than his nature and his station justified. In this he was for all men a model. In his private walk and conversation he was blameless. His friends loved him, his people worshiped him; and having been good and pure in his life, he has been gathered to his fathers in the communion of the Catholic Church, in the comfort of a reasonable religious and holy hope, and in perfect charity with man.

A FRIEND.

Baltimore, 1886.

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PACIFIC RAILROAD INDEBTEDNESS.

A new bill for the settlement of the indebtedness to the Government of the Pacific Railroad Companies has been reported to the House by the Committee on Pacific Railroads. It is based on the same principle as the Senate bill of last year, known as the Hoar bill, but makes a still more liberal extension of time. It proposes payment in 140 equal semi-annual instalments, beginning with the 1st of April, 1887. The total amount to be divided into semi-annual payments is to be ascertained by the following process: To the principal of the subsidy bonds is to be added the interest paid and to be paid by the United States to the time of maturity, and from this amount is to be deducted the payments or reimbursements made by the Companies to Oct. 1, 1886, and the value of existing sinking funds with interest at 3 per cent. from a fixed date to the average date of maturity of the bonds, and after the deduction interest at 3 ½ per cent. from the average date of maturity of the bonds to Oct. 1, 1921, is to be added, the latter date being the middle of the seventy-year period allowed for payment. According to the Committee's report the approximate annual payment which would have to be made by the Companies under this arrangement would be \$3,757,496.

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I, RECOVERY OF MONEY PAID ON ALTERED CHECK.

A commission house in New York gave their check to a stranger in return for goods sold amounting to nine  $\frac{9}{100}$  dollars: the party (it is supposed) altered the check to 900 dollars, also altering the date and the name of the payee. After being altered it was taken to the bank on which it was drawn, and by that bank certified: the parties came on here and bought a bill of goods amounting to 250 dollars and left the check to be collected: the check was deposited with us, sent to our New York correspondent, by them sent through the clearing house to the bank certifying and paid: after waiting reasonable time our customer was informed that we had received credit for the check and believed it was all correct: he then gave the parties (entire strangers to him) the balance of 650 dollars in cash: three weeks after this we received a telegram from our correspondent that the check had been raised: which fact was discovered by the paying bank on settling the book of the maker; they returned it to our correspondent, who returned it to us. We received it under protest, and charged it to our customer, who refuses to give his check for it because we reported it paid, and on that statement he paid out his money. Who is liable for the loss?

REPLY.—The paying bank. Money paid by a bank upon an altered check, when recoverable at all, is recovered as money paid without consideration and under a mistake of fact; and it is a general rule in such cases that money so paid to a party who receives it *bona fide* and without fraud, cannot be recovered after the party, receiving it, changes his position, to his injury, on the faith of the payment, so that a recovery from him would be unjust and inequitable; See Daniel on Negotiable Instruments, § 1655.

In this case the inquirer's customer after payment of the check was reported to him, and on the faith of that payment, *bona fide*, parted with his money and goods; and as between him and the paying bank, we think that the law will have the loss, caused by the payment of the check as altered, where it is at present. As to the different banks in the chain between the paying bank and the inquirer's customer, we think that neither of them can be made liable, because each can say that it was merely the agent of the party from whom it received the check, and that it has paid over in good faith to its principal the money collected from the paying bank.

## II. PRESENTMENT OF CHECK BY MAIL AND NOTICE OF DISHONOR.

We received in afternoon mail Saturday (which reaches the bank after the hour of closing) a letter from our correspondent in Manlins containing a check on us having one or more indorsers: the letter may or may not have been opened until the following Monday morning after the beginning of business hours—how long can we hold the check without protesting it and *not* make ourselves liable for its payment *if the drawers fail*?

If we were in the habit of paying the drawer's checks, even if they were not good when first presented, would that make any difference? How long can we hold a check before protesting hoping the drawers will make the account good—or to hear if out of town checks they have deposited with us for their credit have been paid?

REPLY.—Our correspondent will find a discussion of a similar case with a citation of authorities in the Magazine for February, 1885, p. 623. It may be said, in general, that a bank which receives for collection by mail from another bank a check drawn upon itself, becomes in some senses the agent of the sending bank, and subject to the rules governing such agents. It is bound to treat the check as presented for payment on the day of receipt, and to decide *on that day* whether it will honor it or not. And in case of dishonor, while protest of the check is not strictly necessary, notice of non-payment must be forwarded to the sending bank as early at least as by the first convenient mail, which leaves on the next day, after the day of the dishonor.

In this case, we should say that the drawee bank was entitled to regard the check as presented on Monday, this being the first time after the receipt of the check that the bank was open for business. If the check was protested, it should have been protested on Monday, and whether protested or not, notice of non-payment should have been sent by the earliest convenient mail of Tuesday. Any further delay on the part of the drawee bank would discharge the indorsers of the check, and render it liable in damages to the sending bank. We do not think the habit of paying the drawer's checks, even if they were not good when first presented, has any bearing upon the question.

### III. COMPUTATION OF INTEREST.

What is the law and custom relative to the computation of interest upon a note, say, dated May 18, 1886, payable June 18, 1886—that is, does it carry 34 days' interest, or only 33 days?

REPLY.—34 days. The maker has the whole of the thirty-fourth day, which is the last day of grace, within which to pay his note. He is chargeable with interest on the period of grace, and there is as much propriety in charging interest on the last as on the first day of that period.

NEW YORK.—A National bank of Worcester, Mass., one of the "innocent" holders of the bonds of the Broadway Surface Railroad Company, proposes to test the validity of the legislation dissolving that corporation and providing for the winding up of its affairs. It has caused a suit to be brought in the United States Circuit Court in this city for the purpose, and asked for an injunction restraining the Attorney-General of the State from proceeding under the act for winding up the affairs of dissolved corporations.

Sterling exchange has ranged during May at from  $4.87\frac{3}{4}$  @  $4.89\frac{1}{2}$  for bankers' sight, and  $4.86$  @  $4.87\frac{1}{4}$  for 60 days. Paris—Francs,  $5.15\frac{3}{4}$  @  $5.14\frac{3}{4}$  for sight, and  $5.18\frac{1}{2}$  @  $5.16\frac{3}{4}$  for 60 days. The closing rates of the month were as follows: Bankers' sterling, 60 days,  $4.87$  @  $4.87\frac{1}{4}$ ; bankers' sterling, sight,  $4.88\frac{3}{4}$  @  $4.89$ . Cable transfers,  $4.89\frac{1}{4}$  @  $4.89\frac{1}{2}$ . Paris—Bankers', 60 days,  $5.18\frac{1}{2}$  @  $5.17\frac{1}{2}$ ; sight,  $5.15\frac{3}{4}$  @  $5.15$ . Antwerp—Commercial, 60 days,  $5.20$  @  $5.19\frac{3}{4}$ . Reichmarks (4)—bankers', 60 days,  $95\frac{3}{4}$  @  $95\frac{1}{2}$ ; sight,  $95\frac{3}{4}$  @  $95\frac{3}{4}$ . Guilders—bankers', 60 days,  $40\frac{1}{4}$  @  $40\frac{3}{4}$ ; sight,  $40\frac{1}{2}$  @  $40\frac{1}{4}$ .

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	May 3.	May 10.	May 17.	May 24.
Discounts.....	$4\frac{1}{2}$ @6 ..	$4\frac{1}{2}$ @6 ..	$4\frac{1}{2}$ @6 ..	$4\frac{1}{2}$ @6 ..
Call Loans.....	3@2 $\frac{1}{2}$ ..	2@3 $\frac{1}{4}$ ..	2@1 $\frac{1}{2}$ ..	7@2 ..
Treasury balances, coin.....	\$ 128,558,886 ..	\$ 128,771,620 ..	\$ 128,416,255 ..	\$ 128,941,384 ..
Do. do. currency.....	\$ 11,891,186 ..	\$ 13,215,384 ..	\$ 12,704,882 ..	\$ 13,580,370 ..

## BANKING AND FINANCIAL ITEMS.

MIDDLETOWN NATIONAL BANK OF NEW YORK.—A correspondent of the *New York Times*, writing about some lawsuits now in progress concerning this wrecked concern, says: A remarkable feature of the proceedings had in connection with the wrecking of a great moneyed institution such as this, is the absence of any effort whatever to bring the wrongdoers to the bar of justice for punishment under the laws of the land. The bank closed its doors 17 months ago, and within ten days thereafter was placed in the hands of a Receiver, who found that over \$350,000 had been unlawfully spirited away from its vaults. Yet no arrests have been made, nor has any criminal inquiry been instituted. Nobody supposed to be implicated has fled to Canada or Europe, or in any way sought to evade the law's pursuit. President King has found employment with the Receiver, assisting to straighten out the lines he had helped to make crooked in the bank's course of business. Cashier Daniel Corwin stepped from his desk into the chair of the Village Clerk. Speculator Ben Brown is heard of at frequent intervals, bobbing around with unabashed front and undiminished vigor in the grain markets of Chicago, Indianapolis, and New York, or taking occasional seasons of rest and recreation at his old home at Burnside, in this county, less than 15 miles distant from the money vaults he had helped to deplete. The very respectable directors continue to give punctual attention to their private affairs. Meanwhile the defrauded stockholders and depositors dumbly suffer and make no sign. Common report ascribes the immunity enjoyed by those implicated in the crime to several causes, among others to the interposition in their behalf of high political and social influences, to a desire in certain quarters to avoid further damaging disclosures, and to a sagacious policy looking to the retention of willing witnesses for the bank in its litigation with outside parties. Be the reason what it may, the immunity extended to the culprits is a most remarkable incident in the history of crooked financiering in bank circles.

COULDN'T DO IT.—The *St. Paul Tribune*, Minn., gives the following account of a man who attempted to get money from the St. Paul National Bank on a bogus draft. The villain appeared and inquired for the Cashier. Mr. A. C. Anderson, Assistant Cashier, invited the stranger to a seat in the office until the Cashier's return. Seating himself the man asked if the bank had received his letters of advice, and, upon receiving an affirmative answer, presented a sight draft upon New York for \$3,500, saying he required but \$500 at present, and asking that the remainder be deposited in his name. Mr. Anderson quietly sent for Officer Andy Call, and detained the stranger until the officer had arrived, and placed him under arrest for forgery. On the previous day the bank had received a letter of advice purporting to be from the Stock Growers' National Bank of Cheyenne, Wyo., saying a sight draft had been issued on the bank's correspondent in New York city in favor of Mr. Charles M. Morton, who, visiting St. Paul a stranger, was recommended to the St. Paul National. An identification was enclosed as follows:

"Stock Growers' National Bank, Cheyenne, Wyo., April 24, 1886.—Sir:—For the purpose of identification, I herewith send you the signature of the payee of draft No. 4,448 on Fourth National Bank, New York, for \$3,500. Signature, Charles M. Morton. Very respectfully, (Seal) H. G. HAY, Cashier."

As the letter of advice and the accompanying note of identification had no complimentary address, while the envelope contained the Cashier's name, together with the fact that the Stock Growers' bank had no correspondent in St. Paul, the officials became suspicious, and sent inquiries to the other city banks. It was found that similar letters had been received by the Second National, Third National, Germania—in fact, nearly every bank in the city. The only difference was that some of the banks received letters containing the name of A. J. Adams instead of Morton.



CHARLES W. COOPER.—The following extract relating to Charles W. Cooper, formerly President of the Allentown National Bank, whose death was duly mentioned in the Magazine, is taken from an excellent account of him published in the *Lehigh Register* :

In 1855 the Allentown Bank was organized. Jacob Dillinger was elected President, and the projectors of the enterprise in looking around for a Cashier decided upon Mr. Cooper, whose ability had on numerous occasions been recognized. The honor and confidence were worthily conferred, and his subsequent long service in that position justified the wisdom of the selection. He early gave evidence of his capacity to conduct finances and business, and he gained a reputation not confined to this locality. The cashiership always has been the responsible post in the Allentown Bank, and comparatively few are aware of the character and amount of work the incumbent has to perform. That Mr. Cooper fully met the requirements of the position no one will deny. In 1885, when, by the death of the late Esaias Rehrig, a vacancy was caused in the Presidency of the bank, Mr. Cooper was elected to take his place, the duties of which were less exacting. Mr. C. M. W. Keck, who for several years had been assisting Mr. Cooper in the work of the cashiership and relieving him of the burden of the work, was formally elected to that position, which he is so well fitted to fill. His training under Mr. Cooper had admirably adapted him for the place.

Mr. Cooper's reputation as a skillful financier led to his appointment as a member of the Centennial Board of Finance in 1876. He was a trustee of the Union Trust Company, of Philadelphia. He always manifested a lively interest in educational matters, and for a number of years served as director of the public schools of this city. Since their establishment he was a member of the Board of Trustees of Muhlenberg College and the Allentown Female College, and to the extent of his ability he exerted his influence in behalf of these institutions. Upon the organization of the Board of Trade he was elected President, and for a number of years served in that position. Few men in this community did more to develop the interests of the city or promote its welfare.

NEW NATIONAL BANKING LAW.—The following is the text of the act "to enable National banking associations to increase their capital stock and to change their names or locations," which originated in the House, was amended in the Senate, and finally received the President's signature and became a law on May 1, becoming one of the first financial measures completed by the Forty-ninth Congress :

*"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That any National banking association may, with the approval of the Comptroller of the Currency, by the vote of shareholders owning two-thirds of the stock of such association, increase its capital stock, in accordance with existing laws, to any sum approved by the said Comptroller, notwithstanding the limit fixed in its original articles of association and determined by said Comptroller; and no increase of the capital stock of any National banking association, either within or beyond the limit fixed in its original articles of association, shall be made, except in the manner herein provided.

SECTION 2. That any National banking association may change its name or the place where its operations of discount and deposit are to be carried on, to any other place within the same State, not more than thirty miles distant, with the approval of the Comptroller of the Currency, by the vote of shareholders owning two-thirds of the stock of such association. A duly authenticated notice of the vote and of the new name or location selected shall be sent to the office of the Comptroller of the Currency; but no change of name or location shall be valid until the Comptroller shall have issued his certificate of approval of the same.

SEC. 3. That all debts, liabilities, rights, provisions and powers of the association under its old name shall devolve upon and inure to the association under its new name.

SEC. 4. That nothing in this act contained shall be so construed as in any manner to release any National banking association under its old name or at its old location from any liability, or affect any action or proceeding in law in which said association may be or become a party or interested."

**SAVINGS BANKS IN THE SOUTH.**—In answer to a recent statement that there are but four Savings banks in the whole Southern States, data is presented by the *Charleston News and Courier* showing a total of 102 such institutions, with nearly \$10,000,000 paid up capital and over \$3,000,000 surplus, excluding 15 banks of deposit in Kentucky. The *News and Courier* says: "It is safe to estimate that there are ten dollars of deposits for each dollar of capital represented by these banks, which would give the Savings banks of the South more than \$100,000,000 of deposits. This is, indeed, a very creditable showing for the economical habits of the Southern people. Twenty years ago there were no banks of any kind in the South. This whole section of country had been paralysed by the war, but by their own indomitable pluck and energy, and without the aid of Postal Savings banks, the Southern people have helped themselves 'on to their legs,' and they are going to stay there."

**THE NEW ROUTE TO ST. JOSEPH, MO.**—The through line from Chicago to St. Joseph, Missouri, over the Chicago, Rock Island & Pacific Railway, was opened on the 2d of May. The extension west from Altamont (from which point the main line diverges to St. Joseph) has been constructed in the best manner, and in all respects compares favorably with any of the older portions of the Rock Island system. The passenger equipment of the trains that are run, consisting of day coaches, Pullman palace parlor and sleeping cars, reclining chair cars and dining cars, is characterized by the same comfort and completeness which have made the Kansas City Route of the Rock Island so universally popular. The new line opens up a new and independent avenue of transportation to and from one of the most flourishing, go-ahead cities of the West—a city of 50,000 inhabitants, commanding an immense trade that covers a vast area included in the States and Territories contiguous and tributary to it.

**PHILADELPHIA.**—The report of the auditor of the Shackamaxon Bank gives the first exact statement that has been made of the accounts of that institution, which failed with liabilities of \$775,000 and assets of \$345,000. The bank owed \$594,830 to depositors at the time of the failure, and of this amount \$283,266, or more than half, had been drawn out and carried off by two parties. Naturally there was not very much left for anybody else. In fact, the best the auditor can do for the depositors is a dividend of twenty per cent., while the general creditors get nothing at all. Says the *Philadelphia Times*: "The whole history of bank failures affords few examples of a wreck more complete or of one effected by such simple means. The auditor expresses no opinion whether the trouble with the directors was 'singular innocence' or 'singular ignorance,' or whether they were parties to the wrecking. That will probably be determined by other proceedings. The instances are happily rare in which one or two men set up a bank, invite their neighbors to bring in their money, and then draw it out themselves and devote it to their own use without any one to supervise their heroic proceedings."

**TEXAS.**—The death of Judge Binkley, President of the Merchants and Planters' National Bank of Sherman, a man of the highest character, and who had managed the bank with great fidelity and success, has been followed by the promotion of Tom Randolph, the Cashier, to the Presidency. D. E. Bryant, attorney for the late President, and executor of his estate, was elected to fill the vacancy in the Directory, and C. B. Dorchester was promoted from Assistant Cashier to Acting Cashier. The friends and patrons of the bank, and the general public, will be gratified to learn that so little change is made in its management, and will continue to give it the same confidence and support they have lavished on it in past years. The compliment so worthily bestowed came as a spontaneous offering from all the shareholders, and came so promptly that Mr. Randolph would have appeared ungrateful not to have accepted it in the same spirit in which it was tendered. The policy of the bank in the past, in the framing of which Mr. Randolph was consulted and counseled with by the late chief spirit of the bank, will be that of the future; the influence of the bank will continue to be the up-building and strengthening of Sherman and North Texas institutions. Mr. Randolph's familiarity with every department of the bank guarantees the gliding of business from the old to the new management without a jar. The promotion is a merited one, and the trust will be executed with ability and fidelity.

— MR. W. H. ENGLISH has withdrawn from the Presidency and active management of the First National Bank, and is succeeded as President by Mr. E. F. Claypool, the former Vice-President, Judge Robert N. Lamb, taking the Vice-Presidency heretofore held by Mr. Claypool. Mr. English retains his interest in the bank, and there is no change of ownership of stock. He accepted the Presidency originally under an agreement that it was only to be temporary, and his retiring after nearly three years' service is in pursuance of that agreement, and has no significance further than a determination to relieve himself somewhat from the worry and strain of active business. Mr. English will devote himself for some time to his historical work on "The Lawmakers of Indiana."

**RICH MEN OF MISSOURI.**—The St. Louis *Globe-Democrat* prints the names of six of the wealthiest men in each of sixty towns in that State, with the amount they are estimated to be worth, the manner of the accumulation of their fortunes, their present occupation, etc. The greatest source of wealth is shown to be the appreciation of land which was settled early. The next largest profits have arisen from the banking business. Manufacturing was developed rather late, but it shows a steady growth. Bonds appear to be in most favor as investments. There are six citizens of St. Louis whose possessions are estimated to amount to \$2,500,000 each or upward, the largest fortune amounting to \$8,000,000. There are two millionaire citizens of St. Joseph; one of them, Milton Tootle, of Tootle, Hosea & Co., boot and shoe jobbers, is put down as being worth \$3,500,000. Besides his shoe business he is interested in cattle and woollen goods, with real estate interests in several States. Kansas City has two millionaires. In the smaller towns the financial strength of any of the six rarely falls below \$15,000, and very seldom runs higher than \$500,000. In one instance the figure of \$800,000 and in another a million is touched. The figures between \$30,000 and \$75,000 include the larger portion of the persons enumerated.

— ELBERT H. SHIRK, President of the First National Bank of Peru, an extensive landowner and the wealthiest in Northern Indiana, died at his home, in Peru, on April 8th. Mr. Shirk had a farm in every county in that section of the State, and was also engaged in merchandizing. The *Evening Journal*, published at Peru, gave a long account of him, from which we make the following extract: From 1850 to 1855 he invested largely in Mexican War land warrants which he laid judiciously in Iowa and other western States, which in turn were exchanged for improved farms in Miami and neighboring counties. This was the beginning of operations in real estate which laid the foundation for a colossal fortune, equal in magnitude to that amassed in his commercial pursuits. The most profitable of these deals was the purchase of a large number of lots in Evansville and lands in southwestern counties of the State in 1862, that had been forfeited as donations to a railroad company; the purchase of large tracts in Kansas in 1868 and in Michigan in 1867; and the securing of equities in encumbered Chicago real estate in 1874-5. In 1857 he established a private bank and received deposits from farmers and others who had a surplus. In 1860 he resumed mercantile business, which he had dropped for a few years previous. Under the National banking act Mr. Shirk procured a charter and proceeded to organize the First National Bank of Peru, taking for himself about three-fourths of the stock of \$100,000. He was elected President of the bank and re-elected annually from that time up to the present. This bank has been a remarkable financial success, having already invested two hundred thousand dollars of its surplus earnings in Government bonds, and having accumulated an additional surplus of three hundred thousand. . . . He was a financier of transcendent ability, endowed with wise foresight, intuitive perception, broad comprehension and accurate judgment. His knowledge of men also appeared to be intuitive, and his judgment served him well in determining him whom to trust. Loss of confidence in a man whom he had trusted grieved him more than loss of money. He believed in humanity. He possessed one faculty in an eminent degree, which doubtless tended to prolong his life and certainly contributed very much to the happiness of his family and the friends who met him at home—the faculty of a naturally genial disposition, but trained methodically and dominated by a strong will, which enabled him to leave all care and thought of business at his office and forbid its obtrusion into the family or social circle.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from May No., page 870.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
CAL....	Los Angeles... \$90,000	Childress Safe Dep. Bank. (W. T. & A. D. Childress.)	Ninth National Bank.
" ..	Pasadena... \$50,000	First National Bank..... Perry M. Green, <i>Pr.</i>	David Galbraith, <i>Cas.</i>
COL....	Rico.....	Davis, Matthews & Webb.	National Broadway Bank.
DAK....	Dell Rapids... \$50,000	First National Bank..... J. A. Cooley, <i>Pr.</i>	F. J. Eighmey, <i>Cas.</i>
" ..	Grand Forks... \$55,000	Second National Bank.... Alex. Greggs, <i>Pr.</i>	American & Traders' Nat'l Bank. A. W. Clarke, <i>Cas.</i>
FLA. ...	Tampa.....	First National Bank..... John N. C. Stockton, <i>Pr.</i>	American Exchange Nat'l Bank. T. C. Taliaferro, <i>Cas.</i>
GA. ....	Brunswick... \$1,000,000	Wm. P. Miner..... American Exch. Nat. B'k.	National Park Bank. American Exchange Nat'l Bank.
ILL....	Chicago..... \$70,000	David W. Irwin, <i>Pr.</i> Atlas National Bank..... W. C. D. Grammis, <i>Pr.</i>	A. L. Dewar, <i>Cas.</i> F. P. Wilson, <i>Cas.</i>
" ..	Chicago..... \$200,000	Park National Bank..... Chas. P. Packer, <i>Pr.</i>	National Park Bank. John J. Akin, <i>Cas.</i>
IOWA...	Cascade..... \$25,000	Cascade Bank..... B. B. Richards, <i>Pr.</i>	Mercantile National Bank. G. A. Burden, <i>Cas.</i>
" ..	Odebolt..... \$25,000	Odebolt State Bank..... W. W. Field, <i>Pr.</i>	Chemical National Bank. Geo. J. Low, <i>Cas.</i>
KANSAS.	Almena.....	Almena Commercial Bank Fred. W. Jefferay, <i>Pr.</i>	United States National Bank. James S. Bartholomew, <i>Cas.</i>
" ..	Chapman.....	Miller & Corman.....	Hanover National Bank.
" ..	Cimarron.....	Dixon & Co.....	Morgan & Bartlett.
" ..	Colby..... \$50,000	First National Bank..... Russell S. Newell, <i>Pr.</i>	E. A. Hall, <i>Cas.</i>
" ..	Derby..... \$15,000	Bank of Derby..... Henry C. Tucker, <i>Pr.</i>	Gilman, Son & Co. Albert B. Jackson, <i>Cas.</i>
" ..	Englewood... \$10,000	State B. of Southern Kan. C. A. Crawford, <i>Pr.</i>	Chemical National Bank. Wallace R. Daggett, <i>Cas.</i>
" ..	Frankfort... \$20,000	B'k of Frankfort..... (McKee & Dougherty.)	Hanover National Bank.
" ..	Freeport... \$12,500	Kansas State Bank..... Simon S. Singer, <i>Pr.</i>	Hanover National Bank. Chas. A. Hawkins, <i>Cas.</i>
" ..	Kingman..... \$50,000	First National Bank..... Robert Hodgson, <i>Pr.</i>	David B. Cook, <i>Cas.</i>
" ..	Larned..... \$25,000	Pawnee Co. Bank..... Chas. R. Munger, <i>Pr.</i>	Chase National Bank. F. J. Mathies, <i>Cas.</i>
" ..	Larned..... \$50,000	Phoenix Bank..... W. C. Edwards, <i>Pr.</i>	National Bank of Republic. Frank A. Dewey, <i>Cas.</i>
" ..	Leoti City... \$25,000	Wichita Co. Bank..... G. C. Hardesty, <i>Pr.</i>	Kountze Bros. T. W. Pelham, <i>Cas.</i>
" ..	Macksville... \$30,000	First Bank of Macksville.. J. W. Rush, <i>Pr.</i>	Chemical National Bank. Frank D. Woodford, <i>Cas.</i>
" ..	Moline..... \$25,000	Bank of Moline..... (Colby & Childs.)	National Bank of Republic.
" ..	Norcatgur... \$50,000	B'k of Norcatgur (J. R. Ayg son & Co.)	
" ..	Oberlin..... \$50,000	First National Bank..... Alonzo L. Patchin, <i>Pr.</i>	Geo. A. Metcalf, <i>Cas.</i>
" ..	Wano..... \$25,000	Bank of Wano..... Horace L. Ewing, <i>Pr.</i>	Harry C. Ewing, <i>Cas.</i>
" ..	Wellington... \$50,000	Sumner Co. Bank..... J. G. Woods, <i>Pr.</i>	American Exchange Nat'l Bank. A. Branaman, <i>Cas.</i>
" ..	White City... \$20,000	White City State Bank... James Taggart, <i>Pr.</i>	John Taggart, <i>Cas.</i>
ME....	Bar Harbor... \$150,000	Grant, Lynam & Co. ....	
MASS...	Haverhill... \$150,000	Second National Bank.... John A. Gale, <i>Pr.</i>	Geo. A. Hall, <i>Cas.</i>
MICH...	Detroit..... \$200,000	Third National Bank..... W. H. Stevens, <i>Pr.</i>	Frederick Marvin, <i>Cas.</i>
" ..	Lansing..... \$100,000	City National Bank..... Edward W. Sparrow, <i>Pr.</i>	Benj. F. Davis, <i>Cas.</i>
NEB....	Belvidere... \$50,000	State Bank..... Leopold Cohen, <i>Pr.</i>	Julius Rosenblatt, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
NEB....	Chester.....	Farmers' Bank.....	American Exchange Nat'l Bank.
	\$ 5,000	J. M. Bennett, <i>Pr.</i> Robert Wilson, Jr., <i>Cas.</i>	
"	Endicott.....	Endicott Bank.....	Gilman, Son & Co.
	\$ 10,000	Geo. H. Strohm, <i>Pr.</i> Chas. B. Rice, <i>Cas.</i>	
"	Grafton.....	People's Bank.....	Kountze Bros.
"	\$ 30,000	John H. Welch, <i>Pr.</i> Wm. A. Keeler, <i>Cas.</i>	
"	Greenville....	Merchants' Bank.....	Mercantile National Bank.
		James E. Negus, <i>Pr.</i> A. H. Shields, <i>Ass't Cas.</i>	
"	Harvard.....	Commercial Bank.....	Chemical National Bank.
	\$ 50,000	(N. D. Blackwell & Co.)	
"	Hebron.....	Hebron Loan & Trust Co.	
	\$ 100,000	J. M. Bennett, <i>Pr.</i> A. G. Collins, <i>Tr.</i>	
"	Hebron.....	Landholders' Bank.....	American Exchange Nat'l Bank.
	\$ 10,000	J. A. Bowdle, <i>Pr.</i> Geo. W. Loeber, <i>Cas.</i>	
"	North Platte..	First National Bank.....	Chemical National Bank.
	\$ 50,000	Joseph H. McConnell, <i>Pr.</i> James Sutherland, <i>Cas.</i>	
N. J....	Allentown....	Farmers' National Bank..	
	\$ 50,000	Geo. H. Vanderbeek, <i>Pr.</i>	
N. M....	Las Cruces....	Geo. D. Bowman & Sons.	Chemical National Bank.
N. C....	Asheville.....	French Broad Bank.....	(Will commence business June 15.)
OHIO..	Conneant.....	First National Bank.....	National Broadway Bank.
	\$ 50,000	S. J. Smith, <i>Pr.</i> B. E. Thayer, <i>Cas.</i>	
"	Kenton.....	Kenton National Bank.....	
	\$ 50,000	Asher Letson, <i>Pr.</i> Curtis Wilkin, <i>Cas.</i>	
PA.....	Philadelphia..	Produce National Bank...	
	\$ 200,000	Wm. C. Houston, Jr., <i>Pr.</i> Thaddeus N. Yates, <i>Cas.</i>	
TENN ..	Johnson City..	Bank of Johnson City....	United States National Bank.
	\$ 20,000	J. E. Crandall, <i>Pr.</i> D. W. Shuler, <i>Cas.</i>	
"	Rogersville....	Exchange & Deposit Bank	
		H. M. Aiken, <i>Pr.</i> James Cooper, <i>Cas.</i>	
TEX....	Corsicana.....	First National Bank.....	
	\$ 100,000	James Garitty, <i>Pr.</i> Chas. H. Allyn, <i>Cas.</i>	
VA....	Petersburg....	Nat'l Bank of Petersburg.	Bank of New York, N. B. A.
	\$ 100,000	Benj. B. Vaughan, <i>Pr.</i> Carter R. Bishop, <i>Cas.</i>	
CANADA	Jarvis.....	Canadian B. of Commerce H. J. Gracett, <i>Agt.</i>	

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from May No., page 871.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3492	First National Bank..... Conneant, OHIO.	S. J. Smith,	B. E. Thayer,	\$ 50,000
3493	First National Bank..... Fairfield, NEB.	L. D. Fowler,	M. C. Joslyn,	50,000
3494	National Iron Bank..... Pottstown, PENN.	Jacob Fegely,	Henry J. Meixell,	200,000
3495	First National Bank..... Nelson, NEB.	Thomas Harbine,	Samuel A. Lapp,	50,000
3496	First National Bank..... North Platte, NEB.	Joseph H. McConnell,	James Sutherland,	50,000
3497	First National Bank..... Tampa, FLA.	John N. C. Stockton,	T. C. Taliaferro,	50,000
3498	Southwestern National Bank.... Philadelphia, PA.	John Gardiner,	Harry G. Langworthy,	200,000
3499	First National Bank..... Pasadena, CAL.	Perry M. Green,	David Galbraith,	50,000
3500	American Exch. National Bank. Chicago, ILL.	David W. Irwin,	A. L. Dewar,	1,000,000
3501	Farmers' National Bank..... Allentown, New Jersey.	George H. Vanderbeek,		50,000
3502	Park National Bank..... Chicago, ILL.	Charles P. Packer,	John J. Akin,	200,000
3503	Atlas National Bank..... Chicago, ILL.	W. C. D. Grannis,	F. P. Wilson,	700,000
3504	Second National Bank..... Grand Forks, Dak.	Alex. Griggs,	A. W. Clarke,	55,000
3505	Kenton National Bank..... Kenton, OHIO.	Asher Letson,	Curtis Wilkin,	50,000

No.	Name and Place.	President.	Cashier.	Capital.
3506	First National Bank..... Corsicana, TEX.	James Garitty,	Charles H. Allyn,	100,000
3507	Produce National Bank..... Philadelphia, PA.	Wm. C. Houston, Jr.	Thaddeus N. Yates,	200,000
3508	First National Bank..... Dell Rapids, DAK.	J. A. Cooley,	F. J. Eighmey,	50,000
3509	First National Bank..... Kingman, KAN.	Robert Hodgson,	David B. Cook,	50,000
3510	Second National Bank..... Haverhill, MASS.	John A. Gale,	Geo. A. Hall,	150,000
3511	First National Bank..... Oberlin, KAN.	Alonzo L. Patchin,	Geo. A. Metcalf,	50,000
3512	First National Bank..... Colby, KAN.	Russell S. Newell,	E. A. Hall,	50,000
3513	City National Bank..... Lansing, MICH.	Edward W. Sparrow,	Benj. F. Davis,	100,000
3514	Third National Bank..... Detroit, MICH.	W. H. Stevens,	Frederick Marvin,	200,000

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from May No., page 872.)

	Bank and place.	Elected.	In place of
N. Y. CITY.	—Germania Bank.....	Rud. Wuesthoff, <i>Ass't C.</i>	.....
CAL....	First National Bank, Alameda.	H. Sevening, <i>Pr.</i>	Conrad Liese.*
COL....	First National Bank, Aspen.....	D. R. C. Brown, <i>V. Pr.</i>	.....
.....	First National Bank, Denver...	G. E. Ross-Lewin, <i>A't C.</i>	T. G. Lyster.
CONN..	Stamford Nat. Bank, Stamford.	John B. Reed, Jr., <i>Cas.</i>	G. W. Glendining.*
DAK....	Bank of Hamilton.....	E. A. Healy, <i>Pr.</i>	A. J. Wallace.
.....	.....	B. P. Dayman, <i>Cas.</i>	.....
.....	First Nat'l Bank, Dell Rapids..	M. C. Kenefick, <i>V. Pr.</i>	.....
FLA....	First National Bank of Palatka.	F. P. Mersereau, <i>Act'g C.</i>	H. G. Payne.
.....	N. B. State of Fla., Jacksonville	T. P. Denham, <i>Ass't Cas.</i>	.....
IDAHO..	First National Bank, Ketchum.	Thos. Lavell, <i>Act'g Cas.</i>	Geo. W. Griffin.
ILL....	Atlas National Bank,	C. B. Farwell, <i>V. Pr.</i>	.....
.....	Chicago.	S. W. Stone, <i>Ass't Cas.</i>	.....
.....	Park National Bank,	L. McWilliams, <i>1st V. Pr.</i>	.....
.....	Chicago.	L. C. Wachsmuth, <i>2d V. Pr.</i>	.....
.....	Mattoon National Bank,	Thomas W. Gaw, <i>Cas.</i>	.....
.....	Mattoon.	G. S. Richmond, <i>Ass't C.</i>	.....
.....	Bank of Sheldon.....	John D. Watkins, <i>Cas.</i>	J. E. Crandall.
IND....	First Nat. B'k, Crawfordsville.	C. H. Davidge, <i>Cas.</i>	S. W. Austin.
.....	First National Bank, Elkhart..	W. H. Knickerbocker, <i>C.</i>	J. A. Cook.
.....	First National Bank,	E. F. Claypool, <i>Pr.</i>	W. H. English.
.....	Indianapolis.	Robert N. Lamb, <i>V. Pr.</i>	E. F. Claypool.
IOWA...	Oskaloosa National Bank,	C. E. Lofland, <i>Cas.</i>	W. A. Lindly.
.....	Oskaloosa.	E. K. Himes, <i>Ass't Cas.</i>	.....
.....	First National Bank, Ottumwa.	W. T. Fenton, <i>Cas.</i>	W. A. McGrew.
KAN....	State Bank, Cherryvale.....	S. B. Engle, <i>Cas.</i>	C. L. Berry.
.....	Harper National Bank, Harper.	B. J. Wrightman, <i>A't C.</i>	C. A. Hawkins.
.....	First National Bank, Kingman.	E. W. Hinton, <i>V. Pr.</i>	.....
.....	National Bank of Pittsburg.	James Patnor, <i>V. Pr.</i>	.....
ME....	Gardiner Nat. Bank, Gardiner.	E. L. Smith, <i>Cas.</i>	F. W. Hutton.
MD....	Nat'l Union Bank, Baltimore..	Wm. H. Wells, <i>Cas.</i>	Robert Mickle.*
.....	Baltimore Clearing-house, Balt.	Wm. H. Wells, <i>Mgr.</i>	Robert Mickle.*
MASS..	Abington Nat. B'k, Abington..	G. B. Farrar, <i>Cas.</i>	J. N. Farrar.
.....	People's National Bank,	D. W. Hitchcock, <i>Pr.</i>	E. Howe.
.....	Marlborough.	John O'Connell, <i>V. Pr.</i>	D. W. Hitchcock.
.....	.....	J. F. Wilson, <i>V. Pr.</i>	A. D. Baughman.
MICH...	Merchants' National Bank,	A. D. Baughman, <i>Cas.</i>	G. M. Ely.
.....	Charlotte.	H. K. Jennings, <i>A't Cas.</i>	.....
MINN...	German-American Nat'l B'k,	F. E. Searle, <i>Pr.</i>	Edgar Hull.*
.....	St. Cloud.	John Cooper, <i>V. Pr.</i>	.....
NEB....	First National Bank Fairmont.	Fred. C. Page, <i>V. Pr.</i>	J. H. Welch.
.....	Fremont National Bank,	John Grunkranz, <i>Cas.</i>	.....
.....	Fremont.	Julius Beckman, <i>A't Cas.</i>	John Grunkranz.
.....	First National Bank, Indianola.	J. E. Seeley, <i>V. Pr.</i>	.....
.....	Lincoln National B'k, Lincoln.	Nelson C. Brock, <i>V. Pr.</i>	G. P. Tucker.

\* Deceased

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. C. . . .	National Bank of High Point.	A. J. Sapp, <i>V. Pr.</i>	.....
N. J. . . .	Atlantic City N.B., Atlantic City	Francis P. Quigley, <i>Cas.</i>	R. D. Kent.
N. Y. . . .	Ilion National Bank, Ilion	Charles Harter, <i>Pr.</i>	P. Remington.
OHIO . . .	First National Bank,	Austin Jennings, <i>V. Pr.</i>	.....
	Conneant.	E. T. Dorman, <i>Ass't Cas.</i>	.....
" ..	Farmers' National Bank,	Milton Gray, <i>V. Pr.</i>	.....
	Findlay.	W. F. Hosler, <i>Ass't Cas.</i>	.....
" ..	First National Bank,	Robert Baker, <i>Pr.</i>	J. P. Terry.
	Portsmouth.	A. M. Damarin, <i>V. Pr.</i>	R. Baker.
" ..	Bank of Westerville	O. H. Kimball, <i>Pr.</i>	S. D. Strong.
	Westerville.	Emery J. Smith, <i>Cas.</i>	Chas. S. Strong.
OREGON	First National Bank, Astoria	Geo. C. Flavel, <i>V. Pr.</i>	.....
PA. . . .	Second Nat'l B'k, Brownsville	Wm. Parkhill, <i>Ass't Cas.</i>	.....
" ..	Ephrata Nat'l Bank, Ephrata	M. L. Weidman, <i>Cas.</i>	H. J. Meixell.
" ..	Marine National Bank, Erie	C. E. Gunnison, <i>Act. Cas.</i>	F. P. Bailey.
" ..	Juniata Valley B'k, Mifflintown	Joseph Rothrock, <i>Pr.</i>	J. Nevin Pomeroy.
" ..	First National B'k, Minersville	Charles A. Kear, <i>Pr.</i>	J. S. Lawrence.
" ..	Southwestern Nat'l B'k, Phila.	John A. Stevenson, <i>V. P.</i>	.....
R. I. . . .	Rhode Island N. B., Providence	F. A. Chase, <i>Cas.</i>	S. H. Tabor.*
TEX. . . .	First Nat. B., Sulphur Springs	B. D. Foscue, <i>V. Pr.</i>	.....
Wis. . . .	National Exch. B., Milwaukee	Grant Fitch, <i>Cas.</i>	Abbott Lawrence.

\* Deceased.

## CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from May No., page 873.)

N. Y. CITY. . . . .	Alley, Dowd & Field; succeeded by Alley, Dowd & Co.
" .. . . .	Paulding & Slausson; now J. P. Paulding & Co.
" .. . . .	Young & Morse; succeeded by Young & Nelson.
ARK. . . . Little Rock. . . .	Merchants' National Bank; will be succeeded by First National Bank, August 1st, 1886.
DAK. . . . Ashton. . . . .	Billinghurst & Watkins; succeeded by Bank of Billinghurst Bros.
" .. Doland. . . . .	Bank of Doland, incorporated
" .. Flandreau. . . . .	Wood County Bank (Hurlbert, Gooding & McConnell); now Hurlbert & McConnell.
" .. Grand Forks. . . .	Bank of North Dakota; succeeded by Second National Bank.
" .. Kimball. . . . .	Henry & Orcutt; now Henry & Case.
FLA. . . . Tampa. . . . .	Bank of Tampa; now First National Bank.
GA. . . . Brunswick. . . .	J. M. Madden; succeeded by William P. Miner.
ILL. . . . Peoria. . . . .	Merchants' National Bank failed.
" .. Sheldon. . . . .	Bank of Sheldon (Herman W. Snow); now Snow & Watkins, proprietors.
" .. Streator. . . . .	Wilson & Kuhns; now James G. Wilson.
IND. . . . Rensselaer. . . .	A. McCoy & T. Thompson; succeeded by A. McCoy & Co.
IOWA. . . . Cedar Rapids. . . .	First National Bank; went in voluntary liquidation May 15.
" .. Newell. . . . .	Harris & Parker; succeeded by S. A. Parker.
" .. Odebolt. . . . .	Exchange Bank; succeeded by Odebolt State Bank.
KAN. . . . Chapman. . . . .	J. E. Martin & Co.; succeeded by Miller & Cormany.
" .. Kingman. . . . .	D. B. Cook & Co.; succeeded by First National Bank.
" .. Wellington. . . .	John G. Woods; succeeded by Sumner Co. Bank.
MASS. . . . Boston. . . . .	Cordley & Young; now Cordley, Young & Fuller.
MICH. . . . Alma. . . . .	Gratiot Co. Savings Bank; bought out by Pollasky, Waldby & Co.
MINN. . . . Battle Lake. . . .	Bank of Battle Creek (W. L. Winslow); now B. B. Warfield, proprietor.
MISS. . . . Canton. . . . .	Foot & Cage; succeeded by Foot & Smith.
" .. Greenville. . . .	Negus, Ireys & Co.; succeeded by Merchants' Bank.
NEB. . . . Endicott. . . . .	Bills, Hodges & Kenyon; succeeded by Endicott Bank.
" .. Harvard. . . . .	Payne, Penfield & Co.; succeeded by Commercial Bank.
" .. Nelson. . . . .	Bank of Nelson; now First National Bank.
N. MEX. . . . Las Cruces. . . .	Dona Ana Co. Bank; succeeded by Geo. D. Bowman & Sons.
OHIO. . . . Conneant. . . . .	Lake, Thayer & Smith; succeeded by First National Bank.
" .. Westerville. . . .	Bank of Westerville; sold to Kimball & Smith.
PENN. . . . Zelienopole. . . .	Amos Lusk; now Amos Lusk & Son.
TEX. . . . Corsicana. . . . .	Garitty & Huey; succeeded by First National Bank.
VA. . . . Petersburg. . . . .	Bank of Petersburg; now National Bank of Petersburg.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, MAY, 1886.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in May.					
GOVERNMENTS.	Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.
1 1/4s, 1897.....reg	Mar.	111 1/2	111 3/4	111 1/2	111 3/4
1 1/4s, 1897.....comp.	Mar.	111 1/2	111 3/4	111 1/2	111 3/4
1 1/4s, 1897.....comp.	Jan.	126 1/2	126 1/2	125 1/2	125 1/2
1 1/4s, 1897.....comp.	Jan.	101 1/2	101 1/2	100 1/2	100 1/2
1 1/4s, 1897.....reg	Feb.	127 1/2	127 1/2	127 1/2	127 1/2
1 1/4s, 1897.....reg	Jan.	130 1/2	130 1/2	130 1/2	130 1/2
1 1/4s, 1897.....reg	Jan.	130 1/2	130 1/2	130 1/2	130 1/2
1 1/4s, 1897.....reg	July.	135 1/2	135 1/2	135 1/2	135 1/2
1 1/4s, 1897.....reg	July.	137 1/2	137 1/2	137 1/2	137 1/2
RAILROAD STOCKS.					
		Open- ing.	High- est.	Low- est.	Clos- ing.
Canadian Pacific.....		64 1/2	65 1/2	63 1/2	64 1/2
Canadian Southern.....		37 1/2	39 1/2	35 1/2	37 1/2
Clev., Col. & Ind.....		47 1/2	51 1/2	43 1/2	47 1/2
Chicago & N. W.....		105 1/2	113 1/2	104 1/2	105 1/2
Chicago & West.....		135 1/2	141 1/2	135 1/2	135 1/2
Chicago, Mil. & St. Paul.....		118 1/2	122 1/2	116 1/2	118 1/2
Chicago, St. Louis & Pitts.....		118 1/2	122 1/2	116 1/2	118 1/2
Chicago, St. P., M. & O.....		38 1/2	43 1/2	37 1/2	38 1/2
Chicago, R. I. & Pac.....		125 1/2	134 1/2	120 1/2	125 1/2
Chicago, Bur. & Quincy.....		130 1/2	141 1/2	130 1/2	130 1/2
Chicago & Alton.....		141 1/2	159 1/2	139 1/2	141 1/2
Chesapeake & Ohio.....		8 1/2	8 1/2	7 1/2	8 1/2
Do. 1st pref.....		14 1/2	14 1/2	13 1/2	14 1/2
Do. ad pref.....		10 1/2	10 1/2	9 1/2	10 1/2
Central Pacific.....		30 1/2	31 1/2	29 1/2	30 1/2
Colorado Coal & Iron.....		21 1/2	21 1/2	21 1/2	21 1/2
Delaware, Lack. & West.....		124 1/2	130 1/2	124 1/2	124 1/2
Delaware & Hudson Canal.....		97 1/2	97 1/2	93 1/2	97 1/2
Denver and Rio Grande.....		16 1/2	16 1/2	15 1/2	16 1/2
RAILROAD STOCKS.					
		Open- ing.	High- est.	Low- est.	Clos- ing.
East Tenn., Va. & Ga.....		1 1/2	1 1/2	1 1/2	1 1/2
Do. pref.....		3 1/2	3 1/2	3 1/2	3 1/2
Erie.....		24 1/2	26 1/2	24 1/2	24 1/2
Do. pref.....		54 1/2	54 1/2	52 1/2	54 1/2
Houston & Texas.....		36 1/2	36 1/2	36 1/2	36 1/2
Illinois Central.....		137 1/2	137 1/2	136 1/2	137 1/2
Indiana, Bloom'g. & Western.....		22 1/2	24 1/2	20 1/2	22 1/2
Louisville & Nashville.....		34 1/2	35 1/2	33 1/2	34 1/2
Louisville, N. Alb. & Chic.....		33 1/2	34 1/2	33 1/2	33 1/2
Lake Shore.....		78 1/2	81 1/2	76 1/2	78 1/2
Lake Erie & Western.....		10 1/2	10 1/2	10 1/2	10 1/2
Long Island.....		9 1/2	9 1/2	8 1/2	9 1/2
Michigan Central.....		67 1/2	69 1/2	64 1/2	67 1/2
Mil. L. Sh. & West.....		93 1/2	93 1/2	93 1/2	93 1/2
Do. pref.....		75 1/2	75 1/2	74 1/2	75 1/2
Morris & Essex.....		109 1/2	109 1/2	109 1/2	109 1/2
Missouri Pacific.....		28 1/2	28 1/2	28 1/2	28 1/2
Missouri, Kansas & Texas.....		24 1/2	24 1/2	24 1/2	24 1/2
Manhattan Beach Co.....		127 1/2	127 1/2	125 1/2	127 1/2
Memphis & Charleston.....		30 1/2	30 1/2	29 1/2	30 1/2
Mobile & Ohio.....		17 1/2	17 1/2	17 1/2	17 1/2
Minneapolis & St. L.....		45 1/2	45 1/2	41 1/2	45 1/2
Do. pref.....		55 1/2	55 1/2	53 1/2	55 1/2
N. Y. Chic. & St. Louis.....		11 1/2	11 1/2	11 1/2	11 1/2
Do. pref.....		30 1/2	30 1/2	29 1/2	30 1/2
N. Y. Central & Hudson.....		101 1/2	102 1/2	99 1/2	101 1/2
N. Y. & New Eng.....		38 1/2	38 1/2	37 1/2	38 1/2
New Jersey Central.....		48 1/2	48 1/2	46 1/2	48 1/2
N. Y. Lack. & Western.....		106 1/2	106 1/2	105 1/2	106 1/2
Norfolk & Western.....		27 1/2	27 1/2	26 1/2	27 1/2
Northern Pacific.....		23 1/2	23 1/2	22 1/2	23 1/2
Do. pref.....		55 1/2	55 1/2	53 1/2	55 1/2
Nashville, Chat. & St. L.....		44 1/2	44 1/2	43 1/2	44 1/2
N. Y. Ontario & Western.....		17 1/2	17 1/2	15 1/2	17 1/2
Ohio & Mississippi.....		20 1/2	20 1/2	19 1/2	20 1/2
Ohio Southern.....		14 1/2	14 1/2	14 1/2	14 1/2
Oregon Navigation.....		96 1/2	96 1/2	93 1/2	96 1/2
Oregon & Trans-Continental.....		27 1/2	27 1/2	26 1/2	27 1/2
Ohio Central.....		31 1/2	31 1/2	31 1/2	31 1/2
MISCELLANEOUS.					
		Open- ing.	High- est.	Low- est.	Clos- ing.
Pacific Mail.....		52 1/2	54 1/2	50 1/2	53 1/2
Philadelphia & Reading.....		21 1/2	21 1/2	20 1/2	21 1/2
Pullman Palace Car Co.....		21 1/2	23 1/2	19 1/2	21 1/2
Peoria, Decatur & Evansville.....		105 1/2	113 1/2	101 1/2	113 1/2
Richmond & Allegheny.....		28 1/2	31 1/2	27 1/2	29 1/2
Richmond & West Point.....		35 1/2	35 1/2	34 1/2	35 1/2
Rochester & Pittsburgh.....		17 1/2	17 1/2	17 1/2	17 1/2
St. Louis, Alton and T. H.....		12 1/2	12 1/2	12 1/2	12 1/2
Do. pref.....		89 1/2	89 1/2	89 1/2	89 1/2
St. Louis & San Fran.....		69 1/2	69 1/2	61 1/2	69 1/2
Do. pref.....		67 1/2	67 1/2	48 1/2	67 1/2
Do. 1st pref.....		93 1/2	93 1/2	93 1/2	93 1/2
St. Paul & Duluth.....		109 1/2	111 1/2	109 1/2	111 1/2
St. Paul, Minncap. & Man.....		7 1/2	7 1/2	7 1/2	7 1/2
Texas Pacific.....		49 1/2	53 1/2	47 1/2	53 1/2
Western Union Telegraph.....		63 1/2	63 1/2	60 1/2	63 1/2
Wabash Pacific.....		6 1/2	7 1/2	6 1/2	7 1/2
Do. pref.....		18 1/2	18 1/2	14 1/2	18 1/2
MISCELLANEOUS.					
		Open- ing.	High- est.	Low- est.	Clos- ing.
Express-Adams.....		105 1/2	105 1/2	105 1/2	105 1/2
American.....		63 1/2	63 1/2	53 1/2	60 1/2
United States.....		125 1/2	125 1/2	125 1/2	125 1/2
Wells-Fargo.....		67 1/2	72 1/2	64 1/2	69 1/2
Ches. & Ohio, series B.....		110 1/2	119 1/2	110 1/2	119 1/2
Denver & Rio Grande 1st.....		110 1/2	113 1/2	110 1/2	113 1/2
Lehigh & W. B. con. ass.....		121 1/2	121 1/2	117 1/2	117 1/2
Metropolitan Elevated 1st.....		114 1/2	115 1/2	112 1/2	115 1/2
Mo., K. & T. con. ass.....		88 1/2	88 1/2	85 1/2	85 1/2
Mo., K. & Texas ad.....		26 1/2	26 1/2	26 1/2	26 1/2
N. Y., Chic. & St. L. 1st.....		57 1/2	57 1/2	53 1/2	57 1/2
N. Y. Elevated 1st.....		128 1/2	128 1/2	125 1/2	128 1/2
N. Y. E. & W. ad con.....		104 1/2	104 1/2	96 1/2	104 1/2
N. Y., L. W. Shore gad 4 s.....		103 1/2	103 1/2	103 1/2	103 1/2
Union Pacific 1st.....		118 1/2	118 1/2	117 1/2	118 1/2
Union Pacific 7s.....		110 1/2	110 1/2	110 1/2	110 1/2
Union Pacific S. F. d.....		3 1/2	3 1/2	3 1/2	3 1/2



## NOTES ON THE MONEY MARKET.

## A FINANCIAL AND COMMERCIAL REVIEW.

The business situation has shown material improvement during the past month. The weather has been cool and wet in the Eastern States and east of the Valley of the Mississippi River, with floods along its tributaries and below their junction. But their effects were mostly temporary and have not seriously affected the universally flattering crop prospects of the Eastern half of the United States. West of this river, beginning in Texas, and early in the month, drought in some sections had been unusually severe, doing damage that is reported to be serious and wide-spread to the live stock and wheat crop of a considerable portion of that State. Toward the close, or within the last week of May, similar complaints come from the winter wheat belt of Kansas and Missouri, and from the great spring wheat States of Minnesota and Dakota. The drought is not reported so severe in these latter sections nor the damage past recovery with timely rains. Otherwise, all sections and all crops so far as planted show unusually favorable conditions for this season and prospects of an early and abundant harvest. Hence the opening of the agricultural year has been most auspicious and the season in which "weather markets" control values has been all that could be desired for the growing crops, although a sad demoralizer of values for those who have been holding the balance of last year's crop. Last month's markets were ruled by the labor troubles, which were used for more than they were really worth, by the bears to depress unduly values of everything of a speculative character. This month, these speculative destroyers of values have used "fine weather" West and in Europe to depress values still further in the face of the most healthy and legitimate export demand for all our export staples that has been experienced at this season for three years past.

Before the labor troubles had subsided and the next crop prospects were sufficiently developed to become a powerful lever for the bears to use, another unsettling influence, and quite potent, was experienced in the death of Mr. Werishoffer, who was a great bear on railroad properties and short of the stock market, while he was an equally great bull on wheat, and the largest holder of cash wheat in the country, as well as long of the options in this market. Upon him, as their leader and expected deliverer, the bulls in wheat had pinned their faith in higher prices for the staple. When he was gone, although his wheat was tied up with his estate until an executor could qualify, the bears no longer feared a corner, as no one was left to run one, and they proceeded to sell his wheat for the estate.

During all these bear raids on labor troubles through March and April, and this Werishoffer and crop prospect raids in May, our exports of wheat had been steadily and rapidly increasing, until, in the third week of the month, and on the first after the opening of navigation and free canal receipts of grain, over one and one-half millions of bushels of wheat cleared from this port alone. Still the bear raids continued in the face of such heavy shipments until there was a heavy loss on these purchases for the other side. As they

began arriving, with plenty more following, some on consignment, to be sold on the other side, Europe at last became frightened at the apparently endless slaughter of values here, and her markets ran away from ours for the first time in six months, although they stood ready to take all the surplus of the last crop we had to spare, and as fast as ocean tonnage could be gotten from the other side to take it away, at 10 @ 12 cents per bushel higher prices than those paid. This is what the speculative bear craze that is now scourging this country has cost the owners and growers of wheat. A wholly needless and wanton loss of over 10 cents per bushel for all the wheat left in the country, while we have exported millions less at this break than we could have done at the higher prices, and are three months nearer the new crop than when this last bear raid began. But this is only one staple that has suffered at these reckless speculators' hands. Every export staple has been in the same position, only not to so aggravated an extent. For no sooner did exporters come into any of our markets and buy, than the bears would "jump" on them and break prices, so that the shippers would have a loss the day after they had bought, and could only sell at a great sacrifice when their commodities arrived on the other side. Of course all business has been driven away, except upon orders for immediate consumption. Yet these have been sufficient to give us a better export trade, as stated above, than for several years at this season, and to an extent that has stopped the outflow of gold until the French loan required the accumulation of gold in France at the expense of England and this country.

Thus it will be seen that while business has improved by the gradual cessation of the labor troubles, and while railroad stocks have turned up again on the fine agricultural outlook for large crops, the country has been as heavy a loser this month, upon the value of its old crop's surplus, at the hands of these speculative Anarchists of the New York and Chicago Boards of Trade as it was last month at the hands of the Chicago and St. Louis Anarchists who destroyed the value of its railroad property. Was there more criminality morally on the part of the Labor Anarchists than on the part of these Anarchistic gamblers in the necessities of life? The former had hunger or wrongs as an excuse, the latter only reckless greed. The objects of both were the same, though their methods were different. Each sought to destroy his neighbor's property unless he would turn it over to the other. One would take it "under the rules" of their Boards of Trade, while the other would do it by force. Both held it a crime for a man to buy anything, own anything, or to have faith enough in the future of our country to invest capital in any of its industries or products. The Labor Anarchists have been arrested and will be tried for murder because they did not rob their neighbor "under the rules." But these Anarchists of the Boards of Trade of the country have not been arrested or their meetings suppressed. Indeed the Chicago Board of Trade subscribed some \$15,000 for suppressing their rivals in the communistic business lest there would be less left for themselves to take.

That the business of the country could stand up under such onslaughts upon industry and its products and still improve, is the surest evidence that it is upon a legitimate basis. Indeed, legitimate business of all kinds was never upon a more sound and safe basis than now. But the speculative or illegitimate business was never more rotten, or speculators so reck-

less and demoralized. That this evil, as well as the labor troubles, must be eradicated before we can have general, permanent and real prosperity is evident. These gamblers have lived off the public without producing anything until they have consumed the surplus profits of the people like a swarm of locusts, until there is no public to live on longer. This has been generally true for two years past, during which these gamblers have lived off each other and what they had laid by from their previous winnings, until the great majority of this army, which eats itself when it can gorge on the country no longer, is nearly bankrupt. Their chief subsistence for a year past has been the brokerages they could make on executing orders to sell our products direct from Europe, through what we once called export houses, but who are now agents for European gamblers in our products, to sell them instead of buy them as of old. As a result, America has bought a European paper wheat crop in the last few years of hundreds of times the volume of our own crops at high prices, while Europe has bought its actual wheat in other countries at low prices, and we have insured her against all decline in the markets while on passage, and paid all the losses of European importers on a declining market since 1882, and 1c. @ 2c. per bushel per month on its endless crop of options sold here. None but the richest and most productive country in the world could stand up as we have under the loss of export trade of the past few years, and the losses of the wheat crops of the whole world beside. The sooner this option trade, with its premiums, which make this European game possible and profitable, is abolished in this country, the better will it be for this country, and all but the speculative exporters, whose business now is to sell us the crops of the world instead of buying our own. This last bear raid on wheat, during the period since Europe stood ready to take our surplus at the price as fast as she could get freight, has cost the producers and owners of wheat in this country, on the amount estimated by the Agricultural Bureau in farmers' hands March 1st, and in the Visible Supply, fully \$15,000,000. The loss in the same period by the shrinkage in other export staples has been fully as much more, making \$30,000,000 that the trade Anarchists of the country have cost the legitimate business of the country in the last three months. This is also the estimated loss by the Labor Anarchists or strikers for the same period. The former struck the business interests of the country for lower prices for their products, and they got them, entailing the whole loss on the producers and owners of their products. The latter struck for higher wages for producing these products. Thus, between the upper and nether millstone on the neck of Trade, it has had \$60,000,000 ground out of it needlessly in the last ninety days. True, labor loses one-half this sum directly; but equally true does trade and producer lose it indirectly, as it reduces the consumer's purchasing power to that extent, and curtails the production of an equal amount of goods, for which the demand has been irretrievably lost. That this gambling in the necessities of life should, therefore, be stopped by some means, as well as strikes in their present aggravated forms.

The latter are comparatively over for the present, as it is estimated that only 50,000 of the 200,000 men out on strike a month ago are now out. Had the efforts of the strikers been successful from their standpoint there would have been something to show for their ruthless waste of \$30,000,000

of wages. But as a rule the eight-hour movement has failed, for it did not become general enough to enable those manufacturers who granted it, to maintain it in competition with rivals who did not. Hence, the return to the ten-hour basis has already become quite general. Wages have been in about half the cases increased, and that advance may be lost as soon as business becomes slack again, because the advance was not general. Wisdom and moderation, however, has been taught on both sides, and the hot-headed capitalists, who refused to treat with their men because they had joined labor organizations in self-defence against the combination of capital, have learned better than to attempt to destroy their employes' right to organize. On the other hand, the Knights of Labor have been rescued from the hands of the Socialistic radicals who forgot to respect the right of their employers to control their own business. The result has already been to bring the conservative element in the Knights to the front again, under the control of Mr. Powderly, who is already putting in shape his plan to prevent a repetition of this spring's labor troubles. On the other hand, Congress and some of the State Legislatures have attempted a change in the laws by which arbitration shall be the means of settling labor troubles and the prevention of lockouts on the one hand and of strikes on the other.

Public opinion and the press meantime as well as the pulpit has recognized the fact that such widespread discontent and desperation on the part of labor, is evidence that something is radically wrong in the relations of capital and labor to produce such conditions, while the accumulations of and aggregations of capital have been increasing out of all proportion to the improvement in the condition of the wage earners. That society or our law-making power has a responsibility for these evils as well as the Knights of Labor, and a duty to the workingmen to discharge is now coming to be recognized. This much therefore has been gained for this loss of \$30,000,000 to labor, besides as much more loss to capital that was rendered idle and unproductive at the same time. Each side has learned that the other has rights as well as wrongs, and that each is strong enough to enforce respect for these rights and redress for these wrongs. This much, and the arousing of public sentiment to the necessity of seeing fair play and justice between labor and capital, has taken the settlement of these disputes out of the hands of the monopolists of capital on the one hand and of the labor anarchists on the other. A peaceful and just solution of these differences is now assured therefore, though time will be required to adjust them. The danger of civil disorder and insecurity of person and property that threatened the country a month ago has now passed away. Hence the improvement in business so soon after the troubles subsided, for confidence in the future of business has been more rapid than for the same time in two years. These labor troubles have impended over our industries like a black waterspout that has deterred new enterprise and anticipation of the future. Now it has burst, thanks to the anarchists who proved better than they know, the flood has subsided, and the sky has become clear once more with sunshine. The labor troubles may therefore be regarded as on the high road to satisfactory solution. It is the speculative anarchists above alluded to who now stand as the last barrier to recovery and general prosperity. But public opinion is not yet aroused to the danger from that source, nor informed as a rule as to the extent of the injury they are doing

to every legitimate interest of the country upon which they prey without yielding the community on which they live any equivalent for their support.

Here is a larger army of worse than idle strikers, who have been more busy and effective in doing the whole country mischief for the past fifteen years than all the labor troubles the country has seen. This army must be disbanded, if it is not compelled to disintegrate by poverty in its ranks, and sent to work at some useful employment. They have consumed the property of the country like grasshoppers, and have produced nothing. They must produce in the future or stop consuming. He that will not work must not eat the food of them who do the work. Here is one great and potent cause of the labor troubles. Between the monopolist and the speculator the substance of the wage-earner, as well as of every legitimate business man, has been consumed. With prospects of good harvests, the railroads begin to have hope in the future and confidence in values. Hence the improvement in stocks. While these prospects have been the lever used by these speculators to depress the price of raw materials now on hand, this will stimulate manufacture and consumption, so that when we reach the new crops, the demand for them will have been so broadened that consumption will overtake production, and then prices will begin to recover, and the era of genuine prosperity that has been delayed by these conditions will set in.

The reports of the New York Clearing-house returns compare as follows:

1886.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
May 1...	\$ 351,298,400	\$ 72,976,600	\$ 32,249,700	\$ 372,801,800	\$ 7,888,900	\$ 12,025,850
" 8...	350,659,300	70,918,800	33,275,500	372,323,100	7,861,100	11,113,525
" 15...	347,334,300	69,804,500	34,747,700	368,290,500	7,855,100	12,497,075
" 22...	342,129,300	69,819,100	35,403,700	365,686,100	7,870,000	13,801,175
" 29...	341,540,500	69,516,800	35,624,300	365,242,000	7,851,700	13,830,600

The Boston bank statement is as follows:

1886.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
May 1.....	\$ 149,641,700	\$ 10,273,800	\$ 3,153,300	\$ 110,405,600	\$ 18,392,100
" 8.....	150,780,800	10,563,500	4,298,800	111,940,800	18,260,500
" 15.....	151,430,400	10,528,300	4,063,300	112,607,700	18,265,100
" 22.....	151,402,300	10,641,500	3,639,700	112,604,400	18,109,600

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1886.	Loans.	Reserves.	Deposits.	Circulation.
May 1.....	\$ 85,360,800	\$ 24,022,900	\$ 84,409,500	\$ 6,027,500
" 8.....	85,604,000	24,320,600	84,189,900	6,031,500
" 15.....	85,834,700	24,307,300	85,135,100	6,030,500
" 22.....	85,309,300	23,777,800	83,799,300	6,034,500
" 29.....	85,999,100	24,198,300	84,188,900	6,026,500

## DEATHS.

GLENDINING.—On May 6, aged thirty-nine years, GEO. W. GLENDINING, Cashier of Stamford National Bank, Stamford, Conn.

GORDON.—On May 16, aged eighty-six years, WM. KNOX GORDON, of the firm of Conway, Gordon & Garnett, Fredericksburg, Va.

MICKLE.—On May 10, aged eighty-eight years, ROBT. MICKLE, Cashier of National Bank of Maryland, and Manager of Baltimore Clearing-house, Baltimore, Md.

PATTEN.—On May 22, aged fifty-eight years, CLADIUS B. PATTEN, Cashier of State National Bank, Boston, Mass.















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